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April, 1954 • 35c



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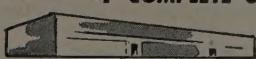
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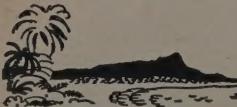
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statistics of...

Chicago Business

	Feb., 1954	Jan., 1954	Feb., 1953
Building permits	606	482	1,014
Cost	\$ 11,855,406	\$ 18,738,500	\$ 14,832,800
Contracts awarded on building projects,			
Cook Co.	1,570	1,367	1,490
Cost	\$ 48,517,000	\$ 43,395,000	\$ 28,785,000
(F. W. Dodge Corp.)			
Real estate transfers	5,382	5,224	5,164
Consideration	\$ 4,847,609	\$ 5,562,870	\$ 3,607,194
Department store sales index	85*	85	84
(Federal Reserve Board)			
(Daily average 1947-49=100)			
Bank clearings	\$ 3,496,460,642	\$ 3,878,551,712	\$ 3,491,590,600
Bank debits to individual accounts:			
7th Federal Reserve District	\$ 20,701,000,000	\$ 21,998,000,000	\$ 19,942,000,000
Chicago only	\$ 10,506,056,000	\$ 11,127,395,000	\$ 10,008,134,000
(Federal Reserve Board)			
Bank loans (outstanding)	\$ 2,811,000,000	\$ 2,769,000,000	\$ 2,805,000,000
Midwest Stock Exchange transactions:			
Number of shares traded	1,264,996	1,358,000	1,259,299
Market value of shares traded	\$ 42,252,014	\$ 46,059,087	\$ 39,616,211
Railway express shipments, Chicago area	864,928	850,339	1,017,766
Air express shipments, Chicago area	56,982	60,721	59,331
L.C.L. merchandise cars	16,191	15,900	17,644
Electric power production, kwh	1,258,260,000	1,426,545,000	1,275,521,000
Industrial gas sales, therms	14,146,712	14,318,995	15,576,171
Steel production (net tons)	1,429,100	1,543,000	1,580,700
Revenue passengers carried by Chicago Transit Authority lines:			
Surface division	42,910,919	45,180,287	45,762,411
Rapid transit division	11,048,569	11,761,904	10,984,388
Postal receipts	\$ 11,308,842	\$ 10,951,412	\$ 10,040,111
Air passengers:			
Arrivals	254,895	254,895	212,070
Departures	268,007	268,007	222,956
Consumer's Price Index (1935-39=100)	.116.7	116.7	113
Receipts of salable livestock	355,070	440,199	399,400
Unemployment compensation claimants, Cook and DuPage counties	65,893	57,148	34,272
Families on relief rolls:			
Cook County	19,232	18,270	17,611
Other Illinois counties	15,831	15,346	13,000

*Preliminary figure.

May, 1954, Tax Calendar

Date Due	Tax	Returnable to
1	Renew city business licenses which expired April 30, 1954	City Collector
1	First installment of 1953 Real Estate Taxes becomes delinquent and subject to 1% per month penalty thereafter	County Collector
1	Personal Property Tax for 1953 becomes delinquent and subject to 1% per month penalty thereafter	County Collector
15	If total O.A.B. taxes (employer and employee) plus income tax withheld in previous month exceeds \$100, pay amount to	County Collector
15	Illinois Retailers' Occupation Tax return and payment for month of April	Authorized Depository Director of Revenue (Illinois)

COMMERCE

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Number 3

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In Sturdy, Editor • Gordon Rice, Advertising Manager • Gordon Ewen, Associate Editor

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in this issue...

This month's issue of Commerce features an article that examines the increasingly important stock market factor of institutional buying. Written by professional investor Edward P. Rubin, the article is "must" reading for all who are interested in what makes today's stock market tick. It begins on page 13.

• • •

Small businesses can have big problems, and there's a fairly new government agency ready to lend a helping hand—the Small Business Administration. Jack Robins writes (page 15) that only a fraction of the nation's 4 million small firms know about it. Perhaps your company is one of those missing a bet.

• • •

If this country's economic problems have given you the blues, they may become lighter by comparison with those facing Asia. Starting on page 16 Chicago banker and foreign trade expert Herbert V. Prochnow examines the dilemma of nations like Japan and India. India has a 5-year plan for industrial expansion but it also has a per capita annual income of \$50, the world's lowest.

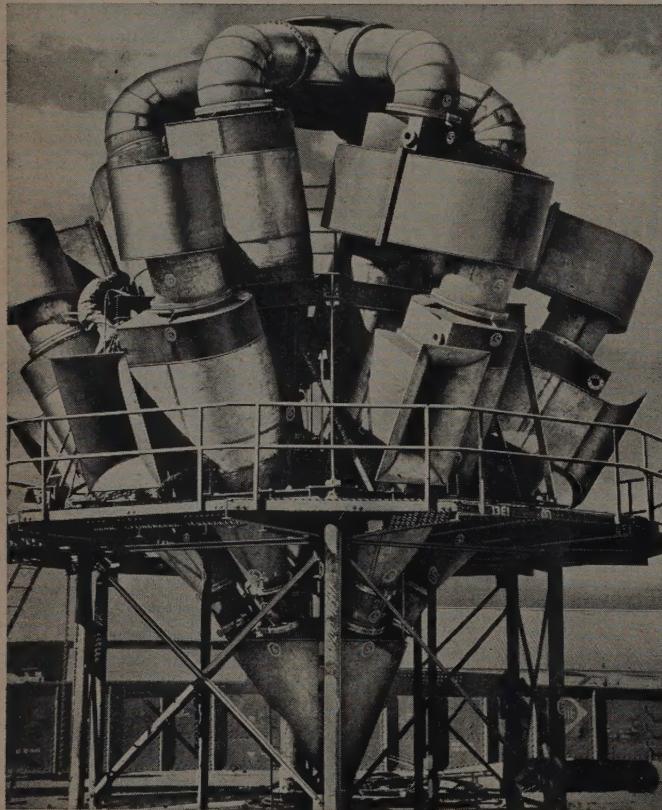
• • •

The billion-dollar sports equipment industry is looking forward to uninterrupted long-term growth, according to Grant Ellis (page 18). It helps, but you don't have to be a hunter, bowler or golf nut to understand the grip that sports have gotten on the American public.

• • •

Color television may have a golden future, but its likewise golden expenses are currently worrying the experts, writes (page 20) Phil Hirsch. Even when mass production reduces the price of sets, they will still be far more costly than black-and-white receivers. The programs that will bring the rainbow into your living room are more expensive to produce, and stations will have to dig deep to pay for new equipment. Why the long-dormant city manager movement in Illinois has started to boom is explained by Gordon Ewen in a piece that begins on page 21.

Only STEEL can do so many jobs so well

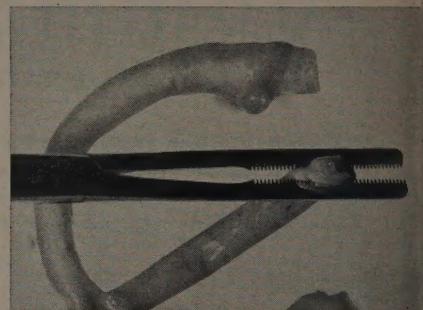


Visitor from Outer Space? No, despite its strange, other-worldly appearance, this is no product of extra-terrestrial intelligence, no flying saucer. It's a perfectly practical, very down-to-earth catalyst collector in a large petroleum refinery. Noteworthy, however, is the extensive use of USS Stainless Steel in its fabrication . . . to provide corrosion resistance combined with great strength.

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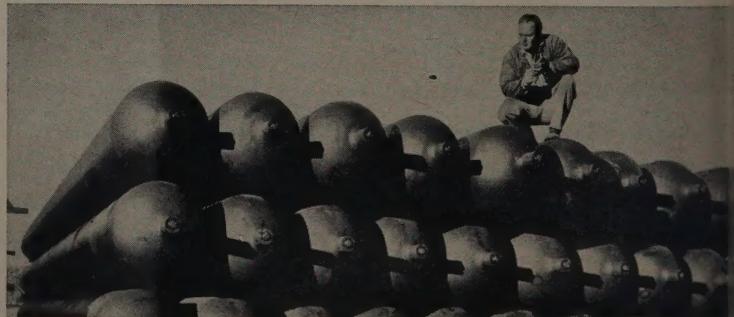
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The Editor's Page

Goliaths Are Vulnerable Too

Many studies have been published showing that small business can and does do an excellent job of competing against big business and that many small businesses become big in the process. The Brookings Institution has taken a look at the opposite question, how successfully does big business compete? Its answer will probably be a distinct shock to many people, who think that Goliaths are invulnerable.

Brookings took the list of the 100 largest industrial companies in this country in 1909 and checked to see what had subsequently happened to their standing. Its study shows that:

1. By 1919, 47 of 1909's 100 biggest were no longer in that classification. Most of the 47 had been passed by new or more dynamic businesses. A few had gone completely out of business.

2. By 1929, 16 more of the 1909 leaders had dropped from the 100 largest category along with 14 which reached that pinnacle in 1919. The 30 no longer on the list in 1929 were replaced by 27 new enterprises and three companies of 1909 vintage that had made comebacks.

3. By 1935, 17 corporations had lost their 1929 standing among the 100 largest. Their places had been taken by 11 newcomers and by six which had fought their way back into the group.

4. By 1948, 22 industrial companies which were among the largest in 1935 had been displaced by 20 newcomers and by two which had been among the 100 largest prior to 1935.

Over the whole period, the study shows that only 36 of the 100 largest in 1909 still were in that grouping in 1948.

Why do industrial giants decline or die? Brookings finds that the principal reason is "the pressure toward innovation in product and market development."

In industries where substitute products do not exist or are not developed, the pressure of competition which lays low even some of the giants is applied through a drive toward higher quality and lower prices.

"Each major innovation," the Brookings study says, "generates the incentives, indeed the necessity, for other companies to do likewise or otherwise to meet the new threat or opportunity. The readiness to move into more promising areas of product or methods . . . helps to explain why some leaders have been able to maintain positions while others have been displaced."

The system, says Brookings, "has its own actions and reactions and its own methods of punishing the company that ceases to be competitive. The highly competitive character of big business . . . is not due to

the personal predilections of its present leadership but to stronger forces. Not the concentration of resources in integrated big business, but the dispersion and the versatility of the resources among so many separate units of enterprise is the distinctive characteristic and . . . the miracle of American Capitalism in our day."

The key is competition. So long as we preserve it there is only one way to grow big, to stay big, or even to stay in business. That is to keep doing a better job for the customer.

Five-way Cure For TVA

In the hard quest for government cost cutting, the Tennessee Valley Authority has again come under inspection. The TVA has been in the sacred classification since its inception although it has long since been demonstrated that it sells electric power below cost and that over the years it has been subsidized to the extent of hundreds of millions of dollars.

The United States Chamber of Commerce is proposing that five simple and straightforward steps be taken to put TVA on a business basis and stop taxing people in other parts of the country who pay full rates for electricity to subsidize the electric consumption of the Authority's customers.

1. TVA power should be financed through the sale of revenue bonds, or by temporary borrowings from the Treasury at current interest rates, thus eliminating direct appropriations by Congress for power operations.

2. TVA should continue to make payments on funds borrowed for its power investment until the debt is liquidated.

3. TVA should pay interest on the unamortized portion of its power investment to the general fund of the Treasury.

4. TVA should pay state and local taxes equal to the amount that a private utility doing the same business would pay.

5. TVA should pay to the federal government a suitable percentage of its revenue in lieu of income taxes.

If TVA is really a soundly conceived and soundly administered venture, it is difficult to see how these proposals can be logically opposed. They certainly aren't punitive. All they would do is make TVA, which is a commercial enterprise, operate as other enterprises in the power field must operate and take it off the grossly overburdened federal budget and the even more overburdened backs of the taxpayers.

Alan Sturdy

the



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Here...There... and Everywhere

• **Fly Now, Pay Later** — On May 1 you will be able to finance a one-week Bermuda holiday by paying \$13 down and \$10.82 a month for the next twelve months. The cost, based on a New York departure, covers air transportation, U.S. tax, transfers, hotels, breakfast and sightseeing. Pan American World Airways is the organization that is introducing installment buying in the air transportation field. The "Pan Am Pay Later Plan" is available at all the company's offices and 1,500 authorized Pan American travel agency locations. If Bermuda doesn't suit your fancy, how about a two-week tour of Paris, London, Rome and the Riviera for just \$82 down and 12 monthly payments of \$68.97? Pan Am expects the idea to affect overseas transportation "much as the introduction of such methods influenced the automobile and home appliance industries." It says that in major cities buyers can pick up their tickets within a maximum of 48 hours after application.

• **Thimble-Sized Fuse** — No larger than a thimble is the time fuse developed by Elgin National Watch Company for detonating the Navy's new miniature aircraft rockets. The new Elgin fuse is the smallest ever made, and the small-size rockets almost double the effective payload of destruction that pursuit planes can carry. An Elgin official says that the job was assigned to a jeweled watch manufacturer "because no other industry has the experience in working to the microscopic tolerances required."

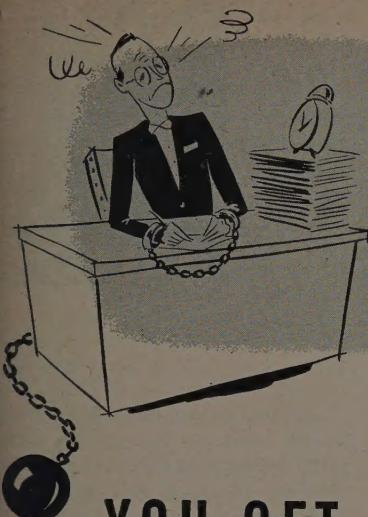
• **Super Mart of Homes** — "A self-service super market of homes for home buyers" is how the Home Corner, a Peoria real-estate enterprise, describes itself. The walls are paneled with large-size, numbered pictures of homes for sale. The home-seeker jots down the numbers

of the houses that appeal to him goes to a nearby filing case and pulls out similarly numbered folders containing pertinent data about the individual houses. "The basic idea of the Home Corner," says J. J. Manning, owner of the location, "is that the home-seeker can quickly review in one location, the home market. There are no salesmen and no names are asked for by the service attendant. It is operated by a real estate firm whose sales offices are in another location.

• **7 Years for 2d Billion** — It took Standard Oil Company (Indiana) 57 years to attain its first billion dollars in assets — the second billion achieved in 1953, required only seven years. In 1946 Standard was 21 times larger than it was in 1912, the first year of independent operation after the Standard Oil "trust" had been broken up into 34 independent companies. By 1953 it was nearly 10 times larger than in 1912. Between 1946 and 1952, the company told stockholders in a recent statement accompanying dividend checks, total sales rose 145 per cent to \$1.5 billion and net earnings were up 100 per cent to about \$120 million. Pipeline traffic increased 70 per cent during the period, crude oil production 100 per cent, number of wells owned 100 per cent, and refinery input 55 per cent.

• **95th Birthday** — Chicago's oldest general insurance agency — Moore, Case, Lyman and Hubbard — this year is celebrating its 95th anniversary. The firm played a vital role handling claims on such historic occasions as the Great Chicago Fire of 1871 and the stock yards fire of 1933. Companies represented by the agency paid claims of over \$5,000,000 following the latter conflagration. According to S. A. Rothermel, pres-

(Continued on page 42)



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Trends . . . in Finance and Business



• **Urban Growth** — One million acres — an area bigger than Rhode Island — is being taken out of rural and farm classifications every year and converted to residential, commercial and industrial purposes. But, according to the Department of Agriculture, urban land usage still covers only 60 million acres or little more than 3 per cent of the 1.9 billion acre total area of the United States. Farm land accounts for 1.2 billion acres, or 60 per cent of the total, with more than 400 million acres devoted to cropland and another 700 million to pasture and grazing. The department says that the amount of cropland has changed very little in the last generation while agricultural output has risen over 33 per cent in the last ten years alone. Most urbanized state is New Jersey where one-sixth of the land area is considered to be citified. Though New York is the most populous state, only about 4 per cent of its area is urban.

• **Trend to Thrift?** — Last year for the first time since 1946, John Q. Public saved more money than he borrowed, reports the Institute of Life Insurance. A total of \$12 billion went into the long-term savings of individuals against an increase of \$10.5 billion in personal debt. The development is considered all the more significant because 1953 was also a record year for consumer spending. It would seem to suggest growing prudence in the handling of personal financial affairs.

At the year end, cumulative long-term savings, consisting of savings accounts, U.S. savings bonds and funds accumulated behind life insurance policies but not including marketable securities, were estimated at \$206 billion. This compared with

a personal debt total of \$112 billion. Eight years earlier savings totaled \$136 billion and personal debt \$88 billion. The eight-year increase was \$70 billion for savings and \$78.2 billion for personal debt.

The American people right now owe about 54 cents for every dollar accumulated in long-term savings. The most favorable "liquidity" ratio came at the end of 1945, just after World War II, when debts were the equivalent of 25 cents for each dollar in savings. From 85 cents at the time of Pearl Harbor in 1941. Since its 1945 low it has risen steadily to its present level.

• **Steel Lead Grows** — The American steel industry outproduced Russia by nearly 70 million tons in 1953, according to the Iron and Steel Institute. U. S. output was 111 million tons against 41.8 for Russia. Even more encouraging is the fact that this country's 1953 production gained 18.5 million tons from 1952 and the Russian increase was 2 million tons. The United Kingdom was reported as making a significant production gain last year, but most of continental Free Europe lagged behind. World output was set at 255 million tons, of which the U. S. accounted for 44 per cent.

• **Old Sales Tricks** — In spite of his contributions to the greatness of the United States, the American salesman has never enjoyed much prestige. He has been maligned in novels and plays and been the butt of jokes unnumbered. Now along comes Dr. Stanley Hollander, a marketing instructor at the Wharton School of the University of Pennsylvania, with another blow at the salesman's mora-

Today's salesmen, says Dr. Hollander, are copy-cats; some of the sales methods and tricks used today date back as far as 2500 B.C. Dr. Hollander's observations are made in a 40-page book, "Sales Devices Throughout the Ages," published by Joshua Meier Company of New York.

Today's trial offer methods, he writes, are actually patterned after the New Haven clock manufacturer of the 1800's who broke down sales resistance by deliberately leaving clocks in farm houses and calling back weeks later when the farmer and his wife had become so fond of the timepieces that they simply had to buy one. The current sales practice of sending advance cards was also originated in the 1800's by a zealous salesman who sent each prospect a letter a day for 18 straight days prior to his sales call. From one customer, the tenth letter came back with the appeal: "Let up. We never done you any harm."

Present-day commercials are traced to the French wine "criers" of 1150 who walked the main streets of Paris offering samples and shouting about the merits of their sponsors' wine.

Ain't It Discouraging? — Poor news for taxpayers is word that the expansion of state and local government payrolls last year more than offset the decline in the number of federal jobholders. Bureau of Census figures indicate that federal civilian employment declined about 200,000 in the year ended last October as the result of the Administration's economy drive, but that state and local employment rose by a comparable number to hold the total public payroll at a record 7.1 million jobs. The figures were 2.4 million federal workers and 4.7 million state and local workers.

The 7.1 million total is several hundred thousand above the World War II peak and 2.4 million more than in 1940.

If that isn't bad enough, consider this: Over the past 13 years the public payroll as a whole has grown by approximately 60 per cent as compared with a rise of 14 per cent in the nation's civilian work force.

The public payroll is a big factor in the cost of government, particularly at the state and local level

(Continued on page 46)

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TODAY'S STOCK MARKET:

A Yardstick For Institutional Buying

By EDWARD P. RUBIN

**Institutions are accounting for the equivalent of 10%
of all trade in common stocks on all U. S. exchanges**

In recent years the growth of pension plans, insurance companies, and mutual funds has been phenomenal. The vast new assets they acquire each year must be invested, and increasingly large amounts are going into common stocks. This article by a well-known professional investor represents a pioneer attempt to put a dollar figure on the annual common stock purchases by institutions. The editors of Commerce regard this analysis of institutional buying as essential to an understanding of the postwar stock market.

COMMON stocks have become "respectable" in the eyes of the most conservative types of investors. In the past two years there has been an increasing tendency to refer to the stock market as being "institutional" in character, with most of the buying selectively concentrated in so-called "blue chips." The available facts and figures

support the general impression that the institutions have become an important stock market factor. Unfortunately, the available figures are not uniformly comprehensive or accurate, the dates of release vary, and there are duplications and omissions. About the best we can do is to arrive at tentative estimates which are apt to prove at considerable variance with the facts, but may give us a reasonable approximation of the situation.

Assets of the seven most important types of investing institutions at the end of 1953 were approximately as follows:

	Billions
U. S. Life Insurance Companies	\$ 79
Fire, Marine and Casualty Companies	18
Mutual Savings Banks	27
Private, Uninsured Retirement Funds	11*
Charity Organizations, Colleges, Hospitals, Churches, etc.	10
Bank-managed Common Trust Funds	1
Investment Companies (Mutual & Closed End)	5
Estimated Total of Seven Types	<u>\$151</u>

*Assets of insured retirement funds may be another \$6 billion, but are reflected in the insurance figures.

This represents great growth. In 1940, life insurance companies had assets of only \$31 billion; fire and casualty companies had \$5 billion;

pension funds had only a modest total; common trust funds had scarcely begun; open-end mutual investment companies, which today account for more than \$4 billion of the investment company total, had less than half a billion dollars.

Assets of these seven institutional types are believed to be increasing at a rate of about \$11 billion annually, as follows:

	Billions
Life Insurance Companies	\$5.2
Fire, Marine and Casualty	2.0
Mutual Savings Banks	2.0
Private, Uninsured Retirement Funds	1.2
Charity Funds	NE
Common Trust Funds	0.2
Investment Companies	0.5
Possible Total of Seven Types	\$11.1
NE — Not estimated.	

While this exciting growth in investing institutions has taken place, an important change has also been developing in the institutional attitude toward common stocks as an appropriate vehicle for investment. There are four principal factors in the increasing interest of institutions in stocks. First, in times of inflation, common stocks, with their ability to appreciate in value, afford a protection that bonds do not give. Second, in the period since 1940 common stocks have continuously provided yields substantially in excess of those from bonds. Third, various state

The author is president of Selected American Shares, the oldest mutual fund in Chicago, and is a senior partner and economist of Security Supervisors, an investment counseling firm.

Trading floor of the New York Exchange.

U.P. photo

laws and regulations have been liberalized to enable the institutional investor to buy carefully chosen common stocks in greater proportion. Fourth, the great growth of available funds has made the institutions look beyond bonds and preferred stocks for favorable investment opportunities.

Not all the estimated \$151 billion assets of the seven types of institutional investors nor the \$11 billion annual addition is available for investment in common stocks. Far from it! The biggest asset owners—the life insurance companies and the mutual savings banks—are limited by both law and inclination to very moderate percentages in common stocks, even though these moderate percentages could run into billions of dollars.

On the other hand, in the casualty and fire insurance companies, common stocks are often 20 per cent to 40 per cent of total invested assets.

Pension Ratio

A typical large pension plan managed by a bank or trust company might have 25 per cent to 35 per cent in common stocks. Recent studies of the investments of 15 colleges with assets of more than \$800 million showed an average of about 45 per cent in common stocks. A typical bank-managed common trust fund will have 50 per cent in common stocks. Probably the investment companies will average near 80 per cent of their assets in common stocks, and some of the biggest of them are characteristically 95 per cent in commons.

By combining some known figures, some pretty good estimates, and a little educated guessing, a reasonably acceptable idea of the size of the institutional market for common stocks can be arrived at:

1 — The life insurance companies, the fire and casualty companies, the mutual savings banks, the uninsured pension and profit-sharing plans, the churches, hospitals, colleges and other eleemosynary institutions, the bank-managed common trust funds, and the investment companies may altogether have common stocks now valued at _____ \$12.5 billion

2 — If these same institutions should now bring their common stock holdings to a maximum in

relation to their present assets (their history indicates that a practical maximum would be something short of the legal and documentary maximums), it appears that over an extended period they might increase their common stock holdings out of present assets by about _____ \$6.5 billion
 3 — From new funds acquired in a representative nearby year, perhaps the life insurance companies, mutual savings banks, churches, hospitals, colleges, and bank-managed common trust funds, all combined, may buy \$300 million in common stocks. Fire and casualty companies might be expected to buy \$400 to \$500 million of commons annually out of new funds. Independent, non-insured pension and profit-sharing funds might buy \$400 million and investment companies \$300 to \$400 million. Thus on a present semi-recurring basis out of new funds, these institutions might annually buy common stocks in the amount of _____ \$1.4 to \$1.6 billion

These figures gain perspective when they are related to other elements in the stock market. Total new corporate common stock financing in the United States last year was only a little over \$1.3 billion. Of course, the institutions buy old issues in greater amount than new.

Total Trade

All common and preferred stocks listed on the New York Stock Exchange had a market value of \$117 billion in December, 1953. The market value of all shares sold on the New York Stock Exchange last year was \$14.2 billion. Total market value of all shares sold on all registered exchanges last year was only \$16.7 billion. These figures do not include the value or the trading in unlisted issues, which are numerous and sizable. But with the exception of bank and insurance stocks, most of which are unlisted and many of which are owned by institutional investors, most institutional holdings of common stocks are listed issues.

Institutional buying, therefore, may be the equivalent in dollar volume of 10 per cent of all trade in common stocks on all U. S. exchanges. Persistent buying of such magnitude would be an impressive market influence to say the least.

Moreover, some institutions are quite active in portfolio management, so that the over-all institutional effect on the market would be much greater than the "net acquisition" totals would indicate.

However, much institutional activity in listed stocks does not take place on the exchanges, but rather in special over-counter transactions in large blocks. Also, trading on the exchanges last year was only about 12 per cent of the number of shares listed, and that is close to the all-time lows established in 1941, 1942, and 1949. In a more active market, present institutional common stock requirements could easily fall to 5 per cent or 6 per cent of total trading.

Deceleration Possible

Now that excess profits taxes are gone, the growth of pension and profit-sharing plans may decelerate somewhat. But with labor unions now actively pushing for such plans and federal legislation becoming still more liberal, it is more logical to assume that institutional influence on the stock market will continue to rise.

Thus far, we have been trying to estimate the quantitative effect of institutional buying of stocks. What about the qualitative effects? Do institutions concentrate their buying in a limited number of "blue chips" and have they forced their prices up out of line with prices and values available in "light" blue chips and the general run of lesser quality stocks? This is generally assumed to be the case, and it may be true. But we should avoid the danger of erroneously concluding that a limited number of favored issues have acted well merely because of concentrated institutional buying. As a matter of fact their favorable market results may have been due in large part to favorable achievements in the way of earnings, dividends, new products and other basic investment elements.

An institutional investor is apt to differ in some important way from many other stock buyers. He has more analytical facilities at his disposal. He makes more field trips—talks to more corporate managers in person. He compares one industry against another, one com-

(Continued on page 24)

New Ally For Small Business

Only a few of the nation's 4 million smaller firms are aware of the valuable services offered by the Small Business Administration

By JACK ROBINS

THERE were 4,212,400 operating business concerns in the United States the last time the Department of Commerce announced a count. Of this number, the government estimates that 96 per cent, or more than four million, are "small" business. The influx of ex-GIs into business following World War II caused a 35 per cent increase in the number of business firms at the same time that the population was increasing only 14 per cent.

In almost any kind of economy, small business has tough sledding. When there is a war on, the small business man has to fight for subcontracts. When peacetime cutbacks hit, or when there is a recession, subcontracting tends to dry up first.

30% of Manufacturing

In manufacturing, small companies represent 94 per cent of the total, but handle only a trifle more than 1 per cent of the business. In retailing, small firms constitute 96 per cent of the total but handle only 60 per cent of the sales. In activities like contract construction, mining, transportation, finance, insurance, and real estate, the small firms are by far the more numerous but do only about half the total business.

The need for protecting and en-

couraging small business as an integral part of the American system found expression during World War II in the creation of a Smaller War Plants Corporation, and, during the Korean conflict, of a Smaller Defense Plants Administration.

Now, with the nation in an "armed peace" economy, Congress has set up a successor agency, the Small Business Administration. SBA has been operating less than a year. As yet only a portion of its potential business clientele is aware of the services it offers.

Where SWPC and SDPA were concerned only with getting small business a fair share of war or defense contracts, SBA is set up to help get orders of any type, including private work as well as government business. In addition, SBA offers management and technical assistance. A third major feature of its operations is a \$55,000,000 revolving fund for business loans, including disaster loans.

SBA represents, in fact, a merger of previous small business agencies with the Reconstruction Finance Corporation, which after more than 20 years is being liquidated, and an enlargement and specialization of the resulting organization.

One might think that with the Commerce Department already es-

tablished at cabinet level to serve American business, an independent agency responsible to Congress would merely duplicate part of its activity. Duplication has been avoided, however, by such means as transferring from Commerce to SBA the department's former small business unit which published technical and management pamphlets. Beyond this, SBA's powers in the loan and contract field were never possessed by Commerce.

Headed by Barnes

It took some time for the new agency to get under way, but it is now an operating concern under Administrator Wendell B. Barnes, a Tulsa, Okla., lawyer who has had small business experience as well as having been general counsel for the Tulsa plant of Douglas Aircraft, when he negotiated prime contracts with the Air Forces and subcontracts with smaller concerns. SBA has 32 field offices and about 500 employees. The Chicago office, headed by William H. Kelley, has headquarters in Room 1401 at 226 W. Jackson Boulevard.

One of its first jobs was to devise an adequate definition for "small business." Arbitrary definitions of

(Continued on page 26)

Asia:



Japan has not solved the problem of selling enough to feed her population.

In physical volume, Japan's exports are only a fraction of their pre-war total.



CIVILIZATION in the Far East is politically and economically in turmoil. World War II has shaken down the old order of things in Asia, just as it has in Europe. We would make a very serious error if we failed to recognize Asia's strong and increasing restlessness. It is now clear that the power machinery of the United States and the hand-spinning wheels of Asia cannot forever operate in the same world. Our machine civilization is irresistibly pushing its way into all corners of the earth, for most of the world's

people still live in a primitive agricultural civilization over six thousand years old.

The British jet Comet passenger plane that goes 500 miles an hour now takes off from Bombay just as it does from London. Hopalong Cassidy and Howdy Doody are as well known in Manila as in Minneapolis. All of Asia is in ferment. Profound changes are taking place which may have a far-reaching effect on the destiny of democracy in the United States. The economic and social stability of the entire world may well be at stake in Asia now.

Consider Japan first. The Islands of Japan stretch over 2,000 miles, but the total area now is only 147,889 square miles. Japan is a little over one-half as large as Texas, and

Digest of an address delivered before the Chicago World Trade Conference, sponsored by the Chicago Association of Commerce and Industry and the Export Managers Club. The author is a vice president of the First National Bank of Chicago.

slightly larger than Minnesota and Wisconsin combined. Only one-sixth of this small nation is suitable for agriculture, and the cultivated land is but one-fifth of an acre per person, the lowest in the world. With 86 million population, and with 1,400,000 persons added to her population every year, the pressure on the Japanese economy is becoming increasingly intense.

Due to the rapid increase in her population and the loss of her territories, the food problem is as serious in Japan as it is in any country in the Far East. Her production of rice, for example, is already twice the world average. She will have to look in the future even more than in the past to the outside world for food. To feed her people, Japan will have to export industrial commodities to pay for imports of food.

Exports Off

In terms of physical volume Japan's exports now are actually only a fraction of her pre-war volume. In 1952, her total income from all countries amounted to \$2,28 million and her payments to other countries were \$2,061 million, leaving a surplus of \$223 million. However, these figures are misleading. Her income included \$800 million of United States military expenditures for goods and services and money spent by our soldiers, sailors and marines. With a surplus of only \$223 million in 1952, it is obvious that if the United States had not spent \$800 million Japan would have had an external deficit of over \$57 million. Based solely on her own efforts, Japan has been falling far short of being able to pay for what she needs to import to live. She has gold and dollar holdings of about \$900 million, but with a possible trade deficit of \$575 million a year her gold and dollars would last less than two years.

Preliminary figures for 1953 indicate a deficit of \$194 million, despite

A Study in Economic Dilemma

Colonialism is dead and machine civilization is pushing in

By HERBERT V. PROCHNOW

an estimated \$800 or \$900 million of United States military expenditures.

The Korean situation brought a Niagara-like flow of dollars to Japan and saved her at least temporarily from facing a difficult situation. It even gave her the flush of prosperity, but it did not solve the fundamental problem of how she can support herself and sell enough to feed her people. The economic boom in Japan is on an unsound basis.

Many of Japan's able bankers and financial leaders are greatly concerned about these stubborn problems. Instead of being able to undersell the world because of low wages, many of Japan's costs are high compared, for example, to our costs. Her share of American imports is less now than it was in the 1930's. Her largest exports are raw silk and textiles, so her possibility of selling more in this country in competition with various synthetics and our own textiles is not hopeful. The cost of producing her coal is almost twice that of the United States and is even higher than it is in France and Great Britain. She needs modernization of her industry and the replacement of worn-out equipment, with greater efficiency and lower costs.

Hunts New Markets

Japan is striving to meet some of her problems, including the loss of her former sources of raw materials and her markets by increasing her business with Southern Asia. She is investing money in the Philippines, India, Indonesia and other countries to produce goods there which she can buy, such as iron ore, coal, coffee and lumber, and to give her markets for her goods. But it is a difficult and slow process to develop this trade, especially with the competition of the British, Germans and other peoples. Moreover, there is

no assurance that these new markets will ever equal the markets she lost in China and Manchuria. Where then is Japan to get land, markets and food for her people? Does it mean, as some persons believe, that the United States for its own secur-

ity must spend large sums to support the Japanese economy, possibly for years?

Japan is very short of long-term capital, which commands rates of ten to twelve per cent. Total loans

(Continued on page 32)

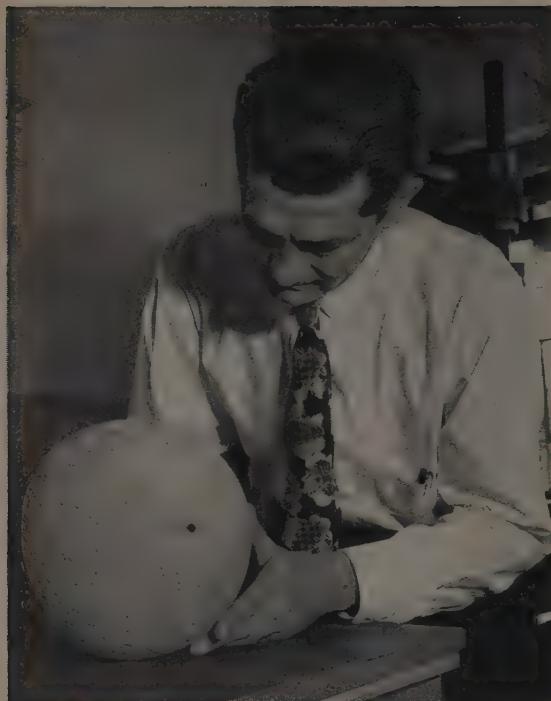


India is drenched in illiteracy and aflame with the idea of independence.

Annual income in India is \$50 per person.

Ewing Galloway photos





Basketball gets final check before cover is attached.



Little League ball has opened up a new sales field.

THE SPORTING GOODS INDUSTRY

LAST October 125,000 hunters took over scores of Utah communities lock, stock and cash register. Stores put on extra help to sell rifles, ammunition, insurance policies, flashlights, boots, jackets and dozens of other items. Cold storage lockers were crammed with deer carcasses. Taxidermists, overloaded with orders, turned away customers. Hotel, resort and motel owners hung out "no vacancy" signs, and hundreds of hunters' wives went on a spending spree of their own in Salt Lake City dress shops.

"Seems as if everybody in the state was either hunting or waiting on somebody who was," reported Gus P. Backman, executive secretary of the Salt Lake City chamber of commerce. "It was a multimillion-dollar shot in the arm for business."

There are many such examples of what happens when the American public decides to have a good time. Some are less dramatic, but they all add up to the fact that

recreation has become big business throughout the United States. How big was indicated not long ago by Chicago economist Richard E. Snyder, who predicted that 1954 will be another billion-dollar year for the sports equipment industry.

Hard To Picture

Trying to picture this sprawling business is something like trying to paint a portrait of the entire Grand Canyon. For recreationdom is made up of thousands of separate business enterprises, ranging all the way from multimillion-dollar manufacturing plants down to the one-man enterprises of hard-muscled guides who escort sportsmen into the wilds. And America's compulsion to play also affects hundreds of other industries whose major production and services go to other markets—airlines, camera makers, binocular builders, for example.

Actually, the sporting goods in-

dustry is a huge, nationwide mosaic, consisting of members who supply millions of enthusiasts with equipment for hunting, fishing, golf, tennis, boating, archery, baseball, basketball, fencing, camping, archery, swimming, water skiing, bowling, roller skating, bicycling, horseshoe pitching, target shooting, billiards and many, many more sports.

How many manufacturers are there? Nobody can say for sure because the industry is so loosely organized. The National Sporting Goods Association, the closest thing to a central trade group, estimates there are about 800 equipment-makers. This is only an educated guess.

The exact number of retail outlets is also a mystery, simply because so many hardware, clothing and even grocery stores carry limited lines of sports equipment. Should they be counted, or only stores whose entire volume is devoted to sports? Estimates run as high as 30,000



Bowling is the favorite sport of millions.



Famous pro Sam Snead promotes Wilson golf equipment.

ISN'T WORRIED ABOUT THE FUTURE

Depressions, wars and recessions haven't hindered its growth

retail outlets, and a recent survey taken in Ohio revealed more than 1,000 businesses in that state alone which owed their existence to outdoor recreation.

The sums spent by sportsmen explain the Bunyan-esque stature of the industry. Probably the biggest single group of enthusiasts are the hunters and fishermen, who number at least 32 million, based on the number of licenses sold last year. (And who knows how many cast or cast without legal permits?)

A joint survey conducted in 1951 by Sports Afield Magazine, the Wildlife Management Institute and the Isaac Walton League shows that the average hunter and fisherman lays out \$599 per year in pursuit of fin, fur and feather!

This includes every expense that
(Continued on page 38)

By GRANT ELLIS



Water ballets draw enthusiastic participation.



NBC-TV puts on its experimental color programs at Colonial Theater in New York City.

COLOR - TELEVISION'S PROBLEM BABY

It's off to an expensive start in life;
a 12-inch set now costs up to \$1,200

By PHIL HIRSCH

TELEVISION'S third dimension —color—is furrowing the brows of a good many advertising executives, TV manufacturers, and network vice-presidents these days. As one of them put it: "We have the same problem a young couple has trying to raise their first baby—the job poses a lot of questions that can't be answered right away."

There are an armful of books on baby care at any bookstore. Unfortunately, the first guidebook on color TV isn't finished yet. RCA, and its affiliate, NBC, are spending a reported \$15 million this year on color TV research. Meanwhile, research at The Hallcrafters Co., by no means the largest TV manufac-

turer in the country, is taking "thousands a week," according to President William Halligan, Sr.

The basic aim of this research is to reduce the cost of color TV receivers and programs; by and large, the problem of good quality pictures has already been solved.

"It's possible to do anything in

color that can be telecast in black and white," Robert Shelby, NBC's director of color TV development, commented recently.

And, according to Dr. W. R. G. Baker, General Electric vice-president, "The detail of color images is equal to that of monochrome (black and white) telecasts. Color fidelity of present TV equipment matches or excels that of color movies, and the image of a color telecast on a black and white set is virtually indistinguishable from the one provided by black and white cameras."

Dr. Baker was chairman of the National Television Systems committee, an all-industry

This unit televised the Rose Bowl parade in color.



(Continued on page 42)

City Managership Makes Its Bid

In Illinois

By

GORDON EWEN



Don Moore Cartoon

The city council opposed it, but Evanston citizens voted almost 2 to 1 to adopt city managership.

CITY managership — a middle-aged better government movement that has been labeled by its opponents as everything from a chamber of commerce conspiracy to communistic encroachment — is busy making up for lost time in Illinois. After years of meager progress, the movement is booming as never before. Within the last two years, Ecoria, Bloomington, Evanston, Oak Park, Maywood and 13 other communities have switched to the manager form of municipal government. Managership — whose cardinal point is the appointment of a trained, non-partisan administrator to replace an elected mayor as a city's chief executive — got its biggest boost in 1951, when the Illinois legislature passed the state's first really effective manager law. The law permits any community except

Chicago to vote on the adoption of managership at a referendum. A referendum must be held if 10 per cent of the voters at the last mayoralty election petition for it.

Former Restrictions

Before 1951, managership was restricted to places of under 5,000 population or those communities that chose to adopt it by means of an ordinance passed by the city council. The ordinance method had the drawback of instability: once adopted, the manager set-up could be discarded precipitately by a simple vote of the council. Cities operating under the '51 law can't shed the system so easily. They must have operated under managership for at least four years before a referendum on abandonment can be held.

The Chicago suburban area is the stronghold of city managership in Illinois. It contains a cluster of 22 manager-run cities against only ten for the rest of the state. There are two chief reasons for this. First, the six original converts — Glencoe (1914); Winnetka (1915); Kenilworth (1920); Riverside (1925); Wilmette (1930), and Glenview (1931) — are all Chicago suburbs, and the word of their success with the system spread slowly but inevitably to nearby towns. Second and more important, the territory around Chicago is increasing faster in population than any other section of the state, and it is crowded with villages suffering from acute cases of postwar growing pains.

This sudden upsurge in population plus the inflation that has been inescapable in the last few years has wakened up many villages to the fact that they are big businesses. A budget of \$500,000 or more for a community of 10,000 to 15,000 is not uncommon. But unless a village hires a manager, it has no full-time official with overall administrative authority and responsibility. The job of village president is necessarily a part-time assignment because of the low salary limits imposed by state law.

As Leonard Bosgraf, attorney for the city-manager village of Brookfield, puts it, "Have you ever heard of a \$500,000 corporation that had no full-time boss?" Still, a large number of fair-sized villages continue to struggle along on part-time supervision.

The adoption of managership represents a local political revolution,

and the arguments pro and con tend to get heated. It is standard operating procedure for political incumbents whose jobs and patronage control are threatened to charge that management is dictatorial, takes control of the city away from the people, and raises the "little fellow's" taxes. When the pro-managerites begin to shout graft and corruption, the facts in the case become hard to discern.

Evanston Experience

One Illinois city where there was a minimum of name calling and irresponsible charges to cloud the issue was Evanston. For this reason, Evanston makes a good case history.

Ironically, Evanston probably would not have a city manager today had not its popular mayor, S. G. Ingraham, been nearly incapacitated by a stroke in the summer of 1951. Although Ingraham finally was able to return to his job after an absence

of many months, it was out of the question for him to seek re-election.

General concern over what might happen without Ingraham at the helm led the Evanston chamber of commerce to call a meeting of civic organizations in April, 1952, to discuss the possibility of management. A committee was formed from the group, and after several months it recommended a November referendum.

Instead of beating the drums, the management advocates used a soft-pedal approach. Evanston had enjoyed good government under Ingraham, and there was no talk about "throwing the rascals out." The manager supporters simply claimed that the odds in favor of efficient and honest government in the future would be much greater with a hand-picked, specially trained administrator running the city than with an elected official, who might or might not be a qualified executive, in

charge. They pointed out that the manager would be endowed by the new state law with the power to appoint and dismiss the heads of city departments and that this power represented the best available insurance against a patronage system.

Both weekly newspapers and the League of Women Voters supported management. Fourteen out of eighteen aldermen, however, expressed themselves as opposing it. For practical purposes, their opposition was confined to this expression of opinion. Mayor Ingraham said nothing, but his corporation counsel, O. D. Buckles, took up the cudgels on the grounds that the new state law was shot full of ambiguities and legal pitfalls that made it unworkable. Only a few meetings and debates were held.

The management referendum was held on November 4, the same date as the national election. Interest in management was lukewarm in contrast to the red-hot contest between Eisenhower and Stevenson. In a record turnout, Evanston adopted management by almost two to one and voted for Ike almost three to one. The presidential election unquestionably had attracted many persons to the polls who cast casual votes in favor of management.

Waiting Period

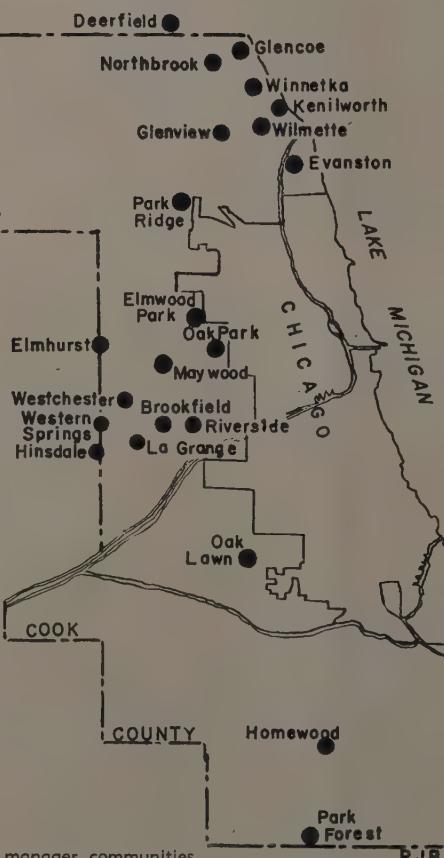
Evanston was required by law to wait until a new city council and mayor were elected in the following April to put the new system into effect. Ten council seats were at stake in the non-partisan election.

Elected mayor without opposition was John R. Kimbark, a former alderman who headed the committee that recommended the referendum. Because the mayor's duties were reduced under management to presiding at city council meetings and representing the city on ceremonial occasions, Kimbark's salary was set at \$1,800 a year against the \$10,000 drawn by Ingraham, his predecessor.

When the new council convened, it contained 11 of the 14 original management opponents, one carry-over member who had been for managership, and six new aldermen.

Although the council, almost to a man, stated its determination to carry out the voters' wishes and make the manager system work, certain of

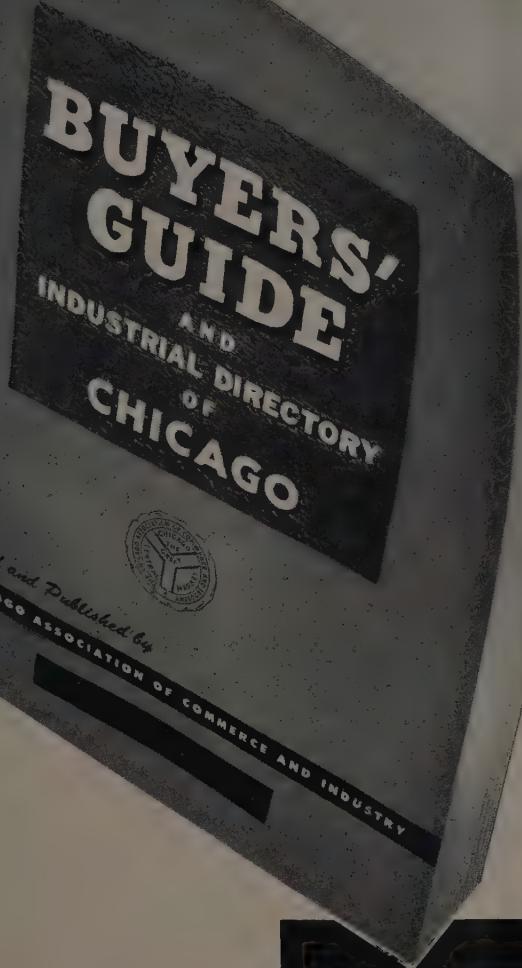
**Management
In The
Chicago
Area**



Black dots represent manager communities

(Continued on page 28)

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Today's Stock Market

(Continued from page 14)

pany against another. He probably places less emphasis on capital gain and more on income than is true of many individual stock buyers. Yet he is more likely to seek a moderate but relatively secure yield in preference to a high and insecure one. And he will frequently accept a low current yield in the expectation of relatively certain growth in dividends a little later on. But he does not particularly like stock dividends, as distinguished from cash dividends.

The institutional investor is more apt to buy in falling markets and withhold his buying power after a sharp rise. He is partial to bigness, so long as the big company is well-managed and provides basic products or services. The affairs of big companies are more easily followed, and the institutional investor likes to know what is going on all the time. There isn't so much risk that a new competing product will radically change the big company's basic posi-

tion. And then, of course, stocks of big companies have broader markets — are easier to acquire in large blocks.

Bigness brings us back to the contention that the stock market in the last year or two has been dominated by institutional buying of a small number of blue chips, many of which are in the leading stock market averages, and that the mine run of stocks has not done as well as the market averages.

This may be true, and there is considerable evidence along these lines. A leading magazine recently published a chart showing that "high-grade" commons had advanced about 5 per cent in the 13 months ended in January, 1954, and that "low-price" (not necessarily the same as "low-grade") commons had fallen about 15 per cent in the same period. Low-priced stocks have been declining, on average, since late in 1951, with the high-grades continuing a slow rise.

Such divergence is not a unique development of the past two years.

Several times prior to the great growth of the institutional stock investor, so-called high-grade stocks were advancing at a time when low-priced stocks seemed to be in a down-trend. This happened in 1926-7, in 1935, and 1949.

Since the end of 1951, institutional concentration on the blue chips has been given credit for "vicious" selective divergence in price trends of various groups of stocks. In order to get our bearings, let us see what the "market" did in this period, as measured by the Dow-Jones stock averages:

	12/31/51	to 3/8/54
30 Industrials	Up 11%	Up 11%
20 Railroads	Up 25%	Up 25%
15 Utilities	Up 17%	Up 17%

The rise in the Industrials is understandable, since they embrace many big blue chip stocks. The rise in the Utilities is as expected, because they are institutional favorites for stability and income. But how shall we explain that despite a poor 1953, the Rails have turned in the best performance of the three groups for the full period. Rails are not general favorites with most institutional investors.

Of course, everyone can pick many blue chip institutional favorites which have turned in market performances superior to the corresponding Dow-Jones Averages. As examples:

	12/31/51	to 3/8/54
Minnesota Mining	Up 18%	Up 18%
Du Pont	Up 19%	Up 19%
General Motors	Up 23%	Up 23%
Consolidated Edison	Up 28%	Up 28%
Corning Glass Works	Up 28%	Up 28%
General Foods	Up 29%	Up 29%
Shell Oil	Up 30%	Up 30%
Int'l Business Machines	Up 32%	Up 32%
National Lead	Up 33%	Up 33%
National Dairy	Up 33%	Up 33%
Westinghouse Electric	Up 51%	Up 51%
General Electric	Up 71%	Up 71%

But how about other blue chips which have also been popular with institutional investors? For example, take these which have risen less than average, or have even declined:

	12/31/51	to 3/8/54
American Telephone	Up 6%	Up 6%
Standard Oil of N.J.	Up 6%	Up 6%
Sears, Roebuck	Up 5%	Up 5%
Standard Oil of Indiana	Up 4%	Up 4%
Johns-Manville	Up 2%	Up 2%
American Tobacco	Down 1%	Down 1%
Gulf Oil	Down 7%	Down 7%
Dow Chemical	Down 8%	Down 8%
Chrysler	Down 14%	Down 14%
Monsanto Chemical	Down 22%	Down 22%
American Cyanamid	Down 24%	Down 24%
United Fruit	Down 25%	Down 25%

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And how about the more speculative stocks? Some of the following are held by the investment companies, but they are not generally held in institutional lists. Some are quite speculative, and none has an unquestioned blue chip status:

	12/31/51
Republic Steel	Up 19%
Spencer Chemical	Up 23%
Viking	Up 29%
Combustion Engineering	Up 33%
National Gypsum	Up 35%
Columbia Broadcasting	Up 38%
Babcock and Wilcox	Up 39%
Halliburton Oil Well Cementing	Up 41%
Illinois Central	Up 57%
Seaboard Airline Railroad	Up 71%
Boeing Aircraft	Up 109%
Carrier Corporation	Up 141%

Two of the groups most highly favored in the institutional portfolios have turned in performances in the last two years which were at best erratic, and at worst highly disappointing; namely, the chemicals and oils. Both groups are probably fine for the long haul, but we are talking about a short term market that is opposed to have witnessed the institutionally-favored blue chips up out of line with other issues, and out of line with their own values.

In the same period, at least two groups, seldom favored by institutions and certainly not in the blue chip class, have turned in exceptional performances: namely, air crafts and air conditioning.

Conclusions Reached

The data lead to a few tentative conclusions:

1. Institutional activity has become a major factor in the stock market. The dollar size of this activity is almost certain to increase irregular rates but with a persistent general trend during the rest of our lives.

2. The percentage relationship of institutional stock trading to total stock trading might easily decline over a period of a few years, since general trading in stocks is near historical lows when measured against total shares outstanding. General trading is quite volatile, whereas institutional interest in stocks is characterized more by permanent growth than by volatility. A plan that might enhance general trading activity and reduce the institutional percentage to the total could be something like the plan to reduce double taxation of corporate income. If, by chance, the divi-

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dend credit measure were to pass, it could greatly increase the interest of individual investors in common stocks. But it would not necessarily give further important stimulus to institutional common stock activity, because for practical purposes, many institutions, including mutual insurance firms and mutual funds as well as schools and charities, enjoy a tax exempt status.

3. While there is evidence of some institutional concentration in stocks of large companies, it is by no means an indiscriminate concentration; and it is equally true that many institutions have bought stocks of hundreds of smaller companies not usually regarded as blue chips. Moreover, the bigger companies have more shares outstanding, and the market influ-

ence of heavy buying of such issues is apt to be no more pronounced than lesser buying of smaller issues.

4. It will be sensible to assume for some time ahead that institutions will not concentrate exclusively in the blue chips; that they will be quite discriminating in their choices; that to the extent the choices are wisely made, stocks bought may be unusually attractive at the time of purchase; and after they have advanced in price the higher prices for these well chosen issues may then be only in line with general values. Also for some time ahead, it is probably prudent to assume there will be many non-institutional groups of common stocks which will do quite well.

New Ally For Small Business

(Continued from page 15)

the past were unsatisfactory. SBA decided that a single size standard was unrealistic, considering the variations in size structure between industries.

For the present it makes 500 employees the cut-off point between small and large in its procurement assistance programs and in determining eligibility for business loans. For all other purposes, a manufacturing concern is considered small if it employs 100 or less, large if it employs 1,000 or more, and either small or large — depending on size standards within the industry involved — if its payroll is between these limits. Annual sales figures are used as another gauge of size in connection with retail and wholesale establishments. The standards may be revised in the light of experience later on.

In the field of procurement assistance, SBA has picked up and carried on a program operated by SDPA, which involved informal agreement with the Defense Department on what is known as the "joint determination" program. This aims to increase the small business share of government procurement by earmarking for competitive bidding among small companies all, or a percentage, of military business suitable for award to them.

If, in conference between an SBA representative and a military procurement officer, 100 per cent of a buying order is earmarked for small

business, the contracting officer proceeds as usual to advertise for bids but notifies all concerned that awards are restricted to small concerns.

If only a percentage is earmarked the remainder is advertised to any and all interested and the award goes to the lowest competent bidder. The earmarked portion is then negotiated with small companies at prices based on the advertised portion.

Under this program, SBA helped channel 389 contracts to small business through February 28, for a total of \$25,008,124.

Special arrangements exist under which SBA helps channel government orders to small business from the General Services Administration the centralized non-military government procuring instrument, as well as from the Foreign Operations Administration, which offers opportunities in export items, and from the Atomic Energy Commission.

Some time ago a Chicago company asked its help in bidding on a product that was considered a "sole source" item—manufactured by only one supplier. SBA representative established that the small company was licensed under patents to produce the item, and arranged for it to be supplied with bid sets, as well as for extension of the bidding time so that it could submit a proposal. As a result, the small firm got

contract — and the government inadvertently saved \$60,000 on the large company's price.

Under its loan program, SBA is empowered to help finance plant construction, conversion, or expansion, including the acquisition of land; to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply working capital. There is a \$150,000 limit on individual loans.

Loans must be of "such sound value or so secured as reasonably to assure repayment." The applicant must show he has been refused private financing on reasonable terms. He is more likely to get bank participation than a direct loan from SBA. Participation loans are of two kinds: SBA may agree with the bank to purchase part of the loan on demand at any time, or it may split the loan with the bank. The agency is however, authorized to make direct loans when circumstances justify.

110 Firms Helped

The nearly \$7 million now outstanding in SBA loans has helped 110 small businesses participate in such essential civilian orders as the melting of aluminum scrap, manufacturing wheat flour, corn meal, oil, poultry and livestock feeds, as well as such defense work as producing sheet metal for aircraft and metal for rockets.

In the production and management field, SBA has sought to help small business overcome the handicaps it faces in competing with the technical and managerial resources of big companies. In addition to the pamphlets it took over from Commerce, it has helped create production pools in which a number of small companies can band together to get orders too big for any one firm to handle.

Production specialists in SBA regional offices are also available to help a small company on almost any type of problem that comes up in its quest for business.

Chicago company received advice from SBA's production specialist such technicalities as laminating processes and techniques of cutting duck when it wanted to produce an armored vest. As a result it supplied the military with 90,000 vests in 1953 in half the time originally scheduled.

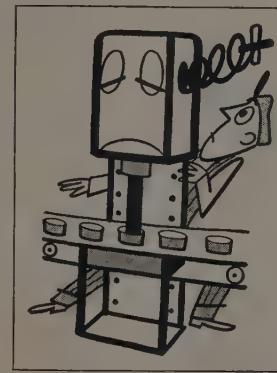
In Richmond, Va., a furniture company asked SBA to make a production and cost survey of its operations. It received recommendations which enabled it to reduce costs and improve production.

In Boston a small concern manufacturing titanium metal products was having trouble with casting contamination from molds. SBA put it in touch with a Cleveland company which had recently perfected a satisfactory natural ceramic.

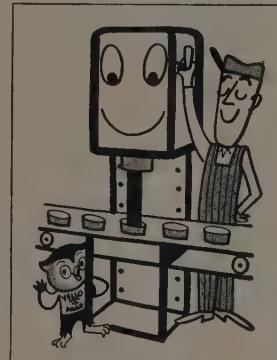
In Minneapolis an engineering company was having trouble main-

taining delivery schedules. SBA's production specialist, surveying the plant, suggested corrections which improved production control and increased output 12 per cent.

Having got through its organizational period, SBA is ready to expand its services to small business. The aid it supplies has been limited up to now by lack of information in the business community about its programs and authority. But any small businessman who seeks its help will find the agency genuinely interested in his problems.



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City Managership Makes Its Bid

(Continued from page 22)

these pledges were taken with a grain of salt by some observers.

The council, moreover, was split over whether it should appoint an Evanstonian or an outsider as manager. The outstanding local candidate was the city's able commissioner of public works, Joseph L. Rose. He started with the support of most of the veteran aldermen. The council would have faced widespread criticism if it had appointed Rose without looking over the field carefully. The pro-manager citizens group had incorporated itself as the Citizens Civic Association, and its directors sent a resolution to the council expressing a preference that the man selected have previous experience as a city manager. That meant an outsider.

As chairman of the committee to screen manager candidates, the council chose freshman alderman Paul F. Gorby, a top personnel executive with Marshall Field and Company in Chicago. Before a manager was selected, Gorby had occasion to call on all of his professional skills.

Task Was Slow

The task turned out to be painfully slow, taking from April to mid-October. The committee started by working out a soul-searching application form that was far more detailed and penetrating than the one recommended by the International City Managers Association. Frequent evening meetings were held throughout the summer.

By mid-summer Evanston had a basketful of applications, but Gorby wasn't fully satisfied with their quality. The committee authorized him to try active recruiting. Gorby turned to the country's leading authorities and the top big-city managers for advice on where to locate good candidates. He picked up 14 prospects this way and interested several of them in the Evanston job.

All in all, the committee reviewed the qualifications of 157 men. This group was worked down to 88 and then cut to seven who were brought in for interviews. Each candidate who was seriously considered was thoroughly investigated through credit sources and personal calls to leading citizens of his community.

The city's choice finally narrowed down to Bert W. Johnson, 38-year-old manager of Boulder, Colo., and Rose. In the showdown, the council voted 11 to 7 for Johnson. The pressure of individual citizens had something to do with the outcome. They had nothing against Rose and didn't know what other men the council was considering. But they urged the aldermen to select an out-of-towner on the grounds that Evanston would profit more by bringing in someone with a fresh viewpoint and broad training and without established loyalties toward any city employees or department heads.

Gorby had given the screening committee intelligent leadership in a touchy situation. One older alderman who voted for Rose had nothing but praise for the way Gorby led the search. "I had a postgraduate course in personnel work under Gorby last summer" was the way he phrased it.

One of Johnson's first moves after taking over in December, 1953, was to appoint Rose as assistant manager. The two have worked as a team ever since.

Johnson, the new manager, is a career man. A big aggressive chap he studied public administration at the University of Wisconsin and did graduate work at the University of Chicago. After working with the Public Administration Service and on the staff of the International City Managers Association, he moved to Winnetka as director of finance and assistant to the city manager. During the war he was a supply officer on an aircraft carrier. His first job as a manager took him to Lebanon Mo., population 6,800. His salary there was \$6,000. Boulder, Colo., was his next stop, and while there from 1950 to 1953 his pay jumped from \$7,500 to \$10,000. In late 1953, he was chosen as one of four American city managers to be a guest of the West German Republic for a month's study tour. Evanston hired him for \$15,000 a year to run a tip with a \$4,500,000 budget.

The concept of a city manager duties has changed as the profession has grown up, and Johnson represents the modern school of thought. Back in 1912 when managership got its start nationally, the founders looked upon the manager not as

ader but as the administrative servant of the city council or governing board. He was expected to remain aloof from politics. Forty years of practical experience have broadened this idea. Managers today are expected to advise their councilmen on policy matters. And a large percentage of everything that happens in city government involves some form of politics whether or not a partisan label is directly attached. As one practical student of government puts it: If a man thinks a decision to cut down some trees in order to widen a street is a political subject, it's because that particular street isn't in his neighborhood.

How does a city manager go about trying to lead a city council that elected him, and that can fire him overnight? Here's what Bert Johnson says:

"The challenge to any manager is to appraise correctly the problems that come up. My job is to study the alternatives and to present them to the council, giving them the facts essential to intelligent consideration. In addition, one of the manager's most important responsibilities is to look beyond the details of the day-to-day operation of the city. In Evanston the aldermen can devote only a small part of their time to civic duties. The manager must be responsible for planning ahead and must undertake long-run studies of the city's service programs."

Wage Study

An alderman points out that although Johnson has only been on the job for four months, he already has gone to work on the city's pay structure with a thorough job and an evaluation study. The city's previous pay raises were flat amounts, with the lowest clerks getting the same dollar amount as the men in their departments. A police patrolman was getting around 10 per cent of a sergeant's pay at the time Johnson took over. The difference amounted to about 15 cents an hour, hardly enough to encourage a patrolman to work for promotion and increased responsibilities. The council has allocated a maximum of \$116,000 for Johnson's use in raising pay inequities and putting some incentive back into the Evanston system. He is expected to do a job for considerably less.

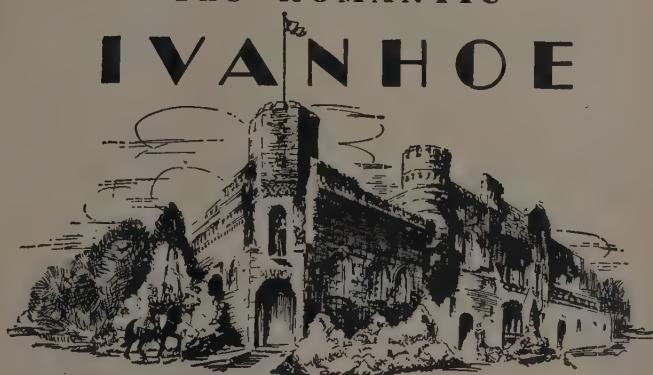
Another Johnson move has been to inaugurate a training program for 19 city department heads. For 15 weeks they will spend two hours a week in class, studying municipal administration under Dr. Rollin Posey, professor of political science at Northwestern University. They have to do homework, too. A well run program, Johnson believes, will increase their professional attitude toward their jobs and improve their morale as well as their capability.

The \$15,000 a year paid him by Evanston makes Bert Johnson one

of the better paid managers in cities of the 50,000 to 100,000 population class. The average for this group was \$12,001, a recent survey of salaries in 602 cities showed. Six cities from 250,000 to 500,000 paid an average of \$19,705 to their managers; \$17,077 was paid by cities from 100,000 to 250,000. In smaller cities pay averaged out like this: \$10,848 for cities of 25,000 to 50,000; \$8,624 for 10,000 to 25,000; \$6,749 for 5,000 to 10,000, and \$5,596 for cities under 5,000.

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effort is State Representative Bernice T. VanderVries, chairman of the municipalities committee of the house. Before entering the legislature in 1935, Mrs. VanderVries served four years on the village board of Winnetka, a suburb that adopted managership by ordinance in 1915 and has sworn by it ever since. Having a first-hand knowledge of managership at its best, Mrs. VanderVries set about to get enabling legislation passed. A lady who is not easily discouraged, Mrs. VanderVries introduced city manager bills at seven sessions of the legislature over a 14-year period before victory finally came in 1951.

Mrs. VanderVries credits the Illinois State Chamber of Commerce for getting the bill through the legislature. What turned the tide was a decision to exclude Chicago from the bill's provisions. The earlier bills had been blocked by Chicago aldermen who wanted no part of a managership referendum that might have done away with the aldermanic system.

Permitted Choice

The compromise bill, as well as excluding Chicago, overcame some downstate opposition by allowing cities to make a choice between retaining their aldermen and switching to a council-at-large system. So far, Evanston is the only city to keep its aldermen as representatives of wards.

The manager movement in Illinois also owes a great deal to the village of Brookfield and the dramatic example of managership's accomplishments it provided.

In 1947 Brookfield was floundering in a sorry financial mess. It had cash of less than \$3,000 to meet current and future obligations of \$738,500. The streets were neglected, the water system was losing through leakage 570 out of every 1,000 gallons pumped.

In its desperation Brookfield turned to managership. An energetic citizens group organized as the Civic Management Association won five out of six trusteeships. Managership was adopted by ordinance, and Brookfield became the first new manager community in Illinois in 16 years.

Drastic action was required. One of the first steps taken by the new manager and the trustees was to raise

water rates. It wasn't popular, but it paid for repairing the leaks and put the system into the black. With the help of citizen volunteers and an outside firm the village's accounting system was straightened out. A steady program of improvements followed.

In 1951 Brookfield decided to take advantage of the new state law that strengthened the foundation of managership, and a referendum was held. The result? Brookfield re-affirmed its belief in managership by 1,662 to 135, or better than 12 to 1.

At the end of five years under city manager the village's liabilities were reduced to \$469,500, while per capita taxes received by the city had declined from over \$9 to less than \$8. Gas street lamps had been replaced with electric lights, new equipment purchased for the fire department, and street construction projects were under way. A modern building code had been adopted, and the village had been rezoned.

Except for an initial period of eight months, Brookfield's manager has been a local man, C. Howard Eash. He is an accountant and was a village trustee prior to becoming manager.

Brookfield's civic renaissance must be credited to a determined group of citizens who would have bulldozed their way to a better Brookfield with or without city managership. But Brookfield citizens agree that managership offered the best means to get things done right.

Kansas City, where both the council and the first manager were tools of Boss Pendergast, is the classic example of a change to managership that did not improve a bad situation. Only when Pendergast was toppled from his political throne, did managership become an effective instrument of government.

Over the country at large, the National Municipal League, of which former Secretary of the Navy Charles Edison is chairman, and the League of Women Voters have been managership's chief boosters.

Opposition to managership usually is spearheaded by elected officials and jobholders who have a stake in the maintenance of a political "status quo." On occasion organized labor has opposed it, but this is by no means general. In Illinois there have been sincere objections to the 1951 statute, and it must be said that this law left many legal question-

answered. These objections have ended since the passage of clarifying amendments at the 1953 session of the legislature.

Management has had its recent defeats as well as victories in Illinois. In nine referendums last year, management was voted down four times. In 1952, seven cities, including Springfield, Moline, Quincy, and Galesburg, rejected management at the polls.

Once adopted, however, the system has a habit of sticking around. The national score shows that out of more than 1,200 cities that took the system, only 50 have abandoned it. The net increase in manager cities has averaged 73 a year in the postwar period, and more than 1 million Americans now live in manager-run communities.

Where They Come From

Where do managers come from? Statistics compiled by the International City Managers Association indicate that there is a growing tendency for cities to go afield to hire new managers. Last year 76 per cent of all new appointments were of men from outside the city. This compares with 58 per cent for the ten-year period from 1940 to 1949. Eighty-four per cent of those appointed last year had governmental backgrounds either as managers, assistants, or in the other public administration. The remainder came from private industry or the professions.

From the standpoint of training, more and more cities are looking for men with general backgrounds in public administration, says Orin L. Citing, assistant director of the managers association. This marks a change from the earlier practice of hiring men with engineering backgrounds. Some cities are insisting on managers who are well grounded in municipal finance and budgetary practice and who have a working knowledge of the special field of municipal law.

Good managers are proving hard to keep in one spot. The turnover is 9.4 per cent in 1953 and 11.1 per cent in 1952. A recent nationwide study of 801 managers in office indicated that they had been on their jobs an average of four years.

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the system for 39 years. There the citizenry would be as horrified by a move to replace the manager system with an elected mayor or president as it would be by a suggestion that a popular election be held for the position of superintendent of schools.

"As long as I can remember the endorsement of the city manager form of government has always been the No. 1 item in the platform of the Winnetka village caucus," says Carl Lloyd, the attorney who is president of the suburb. "It's been so satisfactory and firmly established for so long that no one questions it."

Asia

(Continued from page 17)

in the banks run as high as 90 per cent, and sometimes even more, on the deposits.

Consider further the question of Japanese costs and taxes. A Japanese automobile costs about \$3,000, a Chevrolet about \$4,500, a Buick about \$8,300, and a Cadillac about \$14,000. Salaries are actually low all over Japan, but efficiency is also low so costs are high. Taxes may take 40 per cent or more of salaries. If you assume an average salary of \$30 to \$35 a month in many occupations it is apparent that no worker can possibly afford an automobile. The president of one of the largest banks in Japan told me that with very high taxes and the high costs of automobiles, he himself could not afford a car.

An employe with an income after taxes of \$20 per month would require over 80 years to buy a Chevrolet, Ford, or Plymouth at \$5.00 a month. There is, therefore, no consumer or installment credit, as we know it, in Japan or in any country in the Far East. I was told of one exception in the South Sea Islands. I was informed that tribal chieftains in the South Sea Islands buy wives on the installment plan. They said it often took a lifetime to pay for wife. I told them it took about the same length of time over here.

If and when our flow of dollars to Japan is materially reduced, she will be confronted with economic, social and political problems which will require all the character, ability and genius her people possess. So far since the end of World War II, the

(Continued on page 34)



Industrial Developments

... in the Chicago Area

INVESTMENTS in industrial plants in the Chicago area totaled \$4,678,000 in March compared with \$6,612,000 in March, 1953. Total investments for the first three months of 1954 stood at \$65,418,000 compared with \$44,960,000 in the same period in 1953. These figures include expenditures for the construction of new industrial plants, expansions of existing buildings, and the acquisition of land or buildings for industrial purposes.

National Cylinder Gas Company is erecting its fourth Chicago gas production and bottling plant at 99th street and Torrence avenue. The plant will be located on an eight acre tract. Olsen and Urbain, architect; Campbell-Lowrie-Lauterlich Corporation, general contractors.

Motorola, Inc., will construct a large laboratory building at Grosse Point road near Caldwell avenue, miles. The new structure, located on a 40 acre site, will be a one and two-story plant of brick, concrete, and steel containing 270,000 square feet floor area. Skidmore, Owings and Merrill, architects.

Salerno-Megowen Biscuit Company, 4500 Division street, will conduct a bakery at the corner of Howard street and Caldwell avenue, miles. The first unit of the proposed plant will contain 125,000 square feet and will be 1,000 feet in length for continuous baking. A second unit is planned alongside the original plant on the 14 acre site. Graham, Anderson, Probst and White, architects.

Chicago Extruded Metals Company, 1642 S. 54th avenue, Cicero, acquired the building at 1821 S. Avenue. Arthur Rubloff and

Company, Winston and Company, and J. H. Van Vlissingen Company, brokers.

- **Westinghouse Electric Company** is erecting a warehouse at Nashville and Cortland streets. The building, which will contain approximately 130,000 square feet of floor area, will be used for distribution purposes. Bruce A. Gordon Company, engineers; Ragnar Bensen, general contractor.

- **Foote Brothers Gear and Machine Corporation**, 4945 S. Western avenue, gear manufacturers operating three plants in the Chicago area, has acquired a fourth building at 4613 S. Western boulevard. J. J. Harrington and Company, broker.

- **Jays Potato Chips**, 4052 S. Princeton avenue, is erecting a building at 99th street and Cottage Grove avenue. The building will contain 100,000 square feet of floor area.

- **David Architectural Iron Works, Inc.**, 2019 Walnut street, has tripled its facilities by moving to new quarters at 1820 N. Central avenue. The company manufactures ornamental and structural steel, iron, aluminum and bronze.

- **Mitchell Manufacturing Company**, 2525 Clybourn avenue, has acquired two buildings, containing 160,000 square feet of floor area, at Halsted street and Chicago avenue.

- **Chase Products Company**, Maywood, has occupied its new 30,000 square foot plant on Gardner road in Broadview. The newly constructed plant will house the entire operations of the company, which is engaged in the production of insecticides and aerosol bombs. Edwin D.

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• **Chicago Curled Hair Company**, 2301 S. Paulina street, is adding 14,000 square feet of floor area to its

plant. The company produces curled hair and felt products. A. Epstein and Sons, Inc., engineer.

• **Eljer Company**, 2542 Diversey avenue, has acquired the building at 4540 W. Madison street.

Asia: A Study In Economic Dilemma

(Continued from page 32)

have not yet had to come to terms with the hard economic reality of their difficult situation.

We shall have time to take only a passing look at Hong Kong, a small pinpoint of land—an island and a little area on the mainland—held by the British for over 110 years. Because of a continuous stream of arrivals from Red China, the population of Hong Kong has grown to 2,500,000 persons, almost all Chinese. Hong Kong is the gateway to China and the chief center of British commerce in the Orient. In 1952, 4,600 ocean steamers passed through Hong Kong and over \$1,100 millions of goods were handled in the port.

Hong Kong exists only for trade and by trade. There are thoughtful students of the subject who wonder where the loyalties of its Chinese population might be in case Red China desired to create trouble there.

We shall pass by the Philippines, Burma and the eighteen million people of Thailand, or Siam, who are today said to be our very best friends in South East Asia, and visit India, the land of unbelievable contrasts—high-caste Brahmans and low-caste miserable untouchables, some of the richest persons in the world and tens of millions of destitute and poverty-stricken, fifteen languages and 250 dialects with more differences in languages than in all the nations of Western Europe, a larger railway system than any nation except the United States, Canada and Russia, and the home of one-sixth of the people of the entire world.

Take an area equal to about 40 per cent of the area of the United States, crowd 357 million people into it and you have the outline of India. Of the 15 million people added to the world's population each year, 5 million are added to India, or 50 million every ten years. Six out of seven persons cannot read or write. Only one in ten can go to school after eleven years of age. Eighty-five

per cent live on the land, with 655,000 villages scattered over the country.

The expectation of life for both men and women is a little over thirty years. Forty per cent of the deaths are children under ten years of age, and half of those are under one year of age. Two and one-half million have tuberculosis and 500,000 of them die every year. One hundred million have malaria and one million die every year. Less than half even of the 48 cities of 100,000 population, or more, have sewerage systems, and only three per cent of the total population is served by sewerage systems. In terms of average income, seven out of ten persons cannot feed themselves adequately.

Industry in India is only about thirty years old, and only one worker in ten has a job in large industries. The average unskilled worker earns \$3.60 a week, when employed, but even at that rate labor is expensive measured by efficiency. No one knows how many are unemployed. It is estimated that about one in four persons registered as unemployed finds a job, only one in eight unemployed persons can find a technical job, and only one white-collar, educated worker in twenty-five can find work. Many young Indians who courageously turned from the old ways and pursued an education have wound up in a blind alley. There is obviously some risk that these young people will go to the extreme left or the extreme right because of frustration and despair.

The annual income of \$50 per person is the lowest in the entire world. Only 700,000 persons out of 357 million are in a position to pay taxes. Yet the national budget is balanced, and a leading Indian banker said to me, with some pride that they could probably teach us a few things about balancing budgets.

India has been free only six years to organize herself as an independent

sion. Americans may have various views of Prime Minister Nehru, but I found among those in responsible positions, both Indians and British, widespread commendation for his accomplishments in six years. Their greatest concern was who could possibly succeed him. The great problem is to take 357 million backward and emotional people, drenched in illiteracy and Hindu mysticism, many of them at a starvation level, and create out of that seemingly impossible mass a modern, independent nation.

5-Year Plan

We must make no mistake in assuming that the leadership of India intends that the country will continue with its present low standards of living. A five-year plan whose description covers one thousand pages of text and all aspects of India's life is now being initiated. Vast improvements are being made. Great new hydro-electric projects are under way to rival T.V.A. and Boulder Dam, and that are to open up a rich mineral basin and irrigate millions of acres, substantially increasing production. Thirty-six new railway lines are to be constructed. Shipyards, fertilizer plants, penicillin, machine tool, steel, telephone and wireless factories, locomotive works, and even new national laboratories for research are in the program. The projects are of tremendous magnitude, and may revolutionize the entire Indian economy.

In a visit with one of the most distinguished leaders of India, I commented that there were some Americans who felt that Prime Minister Nehru and India generally seemed to embrace many Russian views. He said, "Anyone who believes that the present leadership in India would accept the Russian philosophy with its loss of freedom, free speech and all the advantages of democracy, simply does not know us. Prime Minister Nehru did not give 13 years of life in prison for nothing. We like your democratic way of life, and like your standard of living. We want both. Our nation is not communist-inclined. Of the 160 million we were eligible to vote in the last election, 108 million voted. There were only 2,000,000 communist votes, or per cent. Of the 400 members of parliament only a few are communists, largely from two industrial districts.

Compare that 2 per cent of the total vote to the 25 or 30 per cent of communist votes in the capitalist countries of France and Italy.

"Many Americans may believe we should increase our military expenditures," he continued. "If we reduced our standard of living further and took money to equip an army for the Red China border, we would be ready to fight communism on the outside and find ourselves with the country going communist on the inside."

One comes away with two major impressions. First, colonialism is dead, absolutely dead. The whole Far East is aflame with the idea of independence. Secondly, the leadership recognizes that the people are centuries behind in industrial and scientific progress. They are determined to correct this situation, and they are impatient to crowd into the next ten years the progress of a century.

Will India turn to Communism? I witnessed a general strike in Calcutta, which grew out of a raise in second-class streetcar fares of only about one-tenth of a cent. The Com-

munist took over leadership of the strike. The communists are better organized in Calcutta than in most other Indian cities. The city was shut down. Employes of businesses and banks were afraid to come to work. The docile masses turned overnight into thousands of marching men, carrying Soviet flags, swinging their fists in the air, and shouting their slogans. That evening they tore up streetcar tracks, looted stores and set fires. The next day the right of assembly was denied. The struggle went on for weeks. It was a sobering sight.

Many persons ask whether India will accept communism? Actually, Prime Minister Nehru has been firm with communists within India. There are those who believe that the question of communism will be answered largely by what the people of India are convinced will give them the greatest economic progress in the shortest possible time. There is always the danger that some economic Pied Piper will offer to lead them. The needs are great. The time is short. We shall make a serious error if we go about our affairs with a

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Now we travel briefly to Pakistan a nation of 82 million people, carved from the side of India, consisting of two areas separated by one thousand miles of Indian territory, which came into existence as an independent nation in 1947, along with India.

Large numbers of Indians who were the traders and professionals left Pakistan. The industrial plants had been in India, and there was practically no industry because agriculture had been the main occupation. When independence came businesses were shut down, banking operations were suspended and markets were closed. A banking system had to be started. Seven million refugees from India poured into the country and created a grave problem. Karachi, which became the capital, grew from 400,000 to 1,400,000 persons almost overnight, with tens of thousands still living like animals in miserable dirt hovels on the edge of the city under almost inscrutable conditions.

U. S. Aid

Pakistan has done a commendable job of balancing its budget. However, the country experienced a series of poor harvests and in 1953 faced a desperate food crisis. To assist in this crisis, the United States gave Pakistan wheat, which was one of the best and most appreciated gifts that ever went to a foreign nation. It is entirely possible that this wheat stood between the country and its economic collapse.

Just as in India, Pakistan has plans for vast improvements in her economy, increasing food production, hydro-electric development, irrigation, new industries and better health and education projects. The people of Pakistan think very much as we do. There is no doubt a present to which nation their friendship is directed.

Over the vast area of Southern Asia, hundreds of millions of men and women have won independence in a number of new nations, and are engaged in a desperate and determined struggle to grow strong, with all this implies to the future of Western civilization. If democracy succeeds in this great area, Asia may be saved. If it fails, all of Asia may be lost.

Transportation and Traffic

SENATORS Bricker, Johnson and Capehart have introduced an amendment in the nature of a substitute for S. 1461, the so-called "me lag" bill to expedite the granting by the Interstate Commerce Commission of rate increases to regulated carriers. In a statement concerning the amended measure, Senator Bricker said, "the opponents of the bill will not object to this amendment in the nature of a substitute, which is intended to meet all substantial objections to the bill that have been advanced, and which is believed to remove whatever substantial cause of objection may heretofore have existed." Senator Bricker, who is chairman of the Senate Committee

on Interstate and Foreign Commerce, pointed out that the amendment deletes from the original bill certain phrases having to do with standard to be provided for the guidance of the commission in determining the amount of any increase to be authorized. The struck words are "establish and maintain sound credit and attract capital." Senator Bricker declared "these words are not presently found in the Interstate Commerce Act, and there has been fear upon the part of some that inclusion of them in this bill might work a change in the rule of rate making." Continually, he said that there has been added a provision making it entirely clear that the commission in fixing the amount of any increase, whether interim or final, "is to give consideration to all applicable substantive provisions of the Interstate Commerce Act, including the factors mentioned in Section 15a . . . , sometimes referred to as the general rule of rate making." The new Bricker bill is not satisfactory to shippers, however. The National Industrial Conference League objects strongly to the

provision that refunds are to be made "under rules and regulations prescribed by the commission." It is the league's view that where higher rates are assessed than those found reasonable in the final order of the commission, refunds should be made to shipper promptly and without any further action by the commission.

• **House Passes Bill to Cut Tax on Transportation of Passengers:** The House on March 10, by a vote of 411 to 3, passed H.R. 8224, the federal excise tax reduction bill. The measure, which was introduced by Representative Reed, Chairman of the House Ways and Means Committee, will reduce the present 15 per cent tax on the transportation of passengers to 10 per cent, effective April 1, 1954. The bill will also cut to 10 per cent the present 20 per cent excise tax on furs, jewelry, luggage, cosmetics, etc.; the 25 per cent tax on long distance telephone calls and leased wires; the 15 per cent tax on local telephone calls, telegrams and domestic radio and cable messages; the 20 per cent levy on admissions, club dues, initiation fees and safety box rentals; the 15 per cent excise tax on sporting goods, mechanical pens and pencils and cigarette lighters; the 20 per cent tax on electric light bulbs, cameras, lenses and film; and the 11 per cent levy on firearms and ammunition. The bill will continue until April 1, 1955, the present excise rates on liquor, gasoline, tobacco and automobiles.

• **I.C.C. Institutes Contract Motor Carrier Investigation:** The Interstate Commerce Commission, by an order in Ex Parte MC-46, has instituted an investigation into the manner and methods of the performance of service by contract carriers by motor vehicle. The investigation is to de-



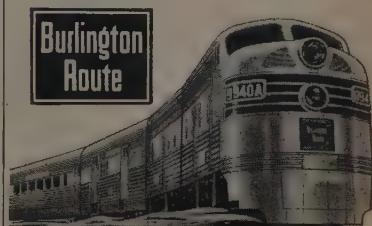
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termine the necessity or desirability of a recommendation by the commission to Congress for amendments to the Interstate Commerce Act relative to: (1) changing the definitions of common carrier and contract carrier; (2) changing the standards which must be observed in granting permits to contract carriers; (3) repealing or changing the act so as to permit the commission to limit the service under a contract carrier permit to service for a designated shipper or shippers; (4) amend the act so as to permit contract carriers who cannot meet any new legislative definition of contract carriers to convert to the status of common carriers without proof of public convenience and necessity; (5) amend Section 212(a) of the act so as to authorize the commission, in the light of any amendments to Section 203(a)(15) and 209(b) of the act, to modify outstanding contract carrier permits which are not to be converted to common carrier certificates of public convenience and necessity; (6) amend the act by giving the commission power to relieve contract carriers from the obligation to file

schedules of minimum rates; and (7) amend the act by giving the commission power to prescribe reasonable and nondiscriminatory rates and charges of contract carriers by motor vehicle. Written views, data or arguments of interested parties on the matter must be filed with the commission on or before May 3, 1954. The investigation stems from a petition filed last December by the Contract Carrier Conference of the American Trucking Associations requesting a probe to determine the need for legislative amendments to the Interstate Commerce Act affecting contract motor carriers.

Sporting Goods Industry

(Continued from page 19)

has a direct bearing—transportation to and from the sporting spot, equipment, food, and membership in clubs. The survey involved 2,000 sportsmen, carefully chosen to provide a representative cross section.

To make sure they were on the conservative side, the surveyors arbitrarily cut this per-man figure by one third, then multiplied it by the number of fishermen and hunters licensed. The result? Over \$9 billion was spent by U. S. hunters and fishermen in 1950! This is more than three times the amount taken in by all jewelry stores during the same year; three times the gross of all liquor stores.

• Central Motor Rate Increase

April 7: Tariffs have been filed by the Central States Motor Freight Bureau increasing class rates by 10 per cent, effective April 7, 1954. Class rates applicable on shipments of less than 5,000 pounds will be treated by first deducting 20 cents from the present rate, then increasing the resulting rate by 10 per cent and adding 20 cents to such increased rate.

There are several reasons why the industry is happy about its future. For one thing, the number of hunting and fishing licenses has increased steadily every year. This means a market that keeps growing in spite of depressions, wars and recessions. Last year there were 524,582 more fishing and 930,351 more hunting licenses issued than ever before, raising the total to a whopping 32 million.

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Reason Number Two: Some 33 million babies have been born since the end of World War II and the oldest are now beginning to want baseball mitts, gym shoes and fish hooks. Since youth becomes more sports-conscious with each passing generation, it is a good bet that most of these 33 million kids will be patronizing sports stores for the rest of their lives.

Reason Number Three: Public interest in organized sports is increasing because of sports sections in the press, TV and radio coverage of sports events and widespread participation in recreation in the armed services. The compulsory recreation programs of high and elementary schools have turned out millions of sports enthusiasts.

Reason Number Four: There has been a tremendous growth, in recent years, in organized recreation on the community level. More parks have been established. More teams have been set up for adults and youngsters. Especially the kids. A nation-

de network of baseball leagues grows bigger every year. Similar programs for boys' basketball and football are gaining popularity—especially as an antidote for vandalism and juvenile delinquency.

Reason Number Five: Industry has developed a penchant for organized recreation as a solution to the complex problem of employee morale. Many firms have baseball or bowling leagues. Others sponsor amazingly broad programs offering workers a wide variety of sports. A fine example is the Diamond Alkali Company's Deer Park plant near Houston, Texas, where employees can play baseball, swim, hunt, picnic, dance, play cards or feed animals on the company's 500-acre property. Owners keep their dogs on Diamond land, and a golf course is being completed this year.

Company officials figure that this ambitious program has been a factor in producing these good results:

- 1) Daily plant attendance averages around 99 per cent.

- 2) Turnover is only 1 per cent per year, and the company has a waiting list of job applicants.

- 3) Unions have twice failed to organize the plant.

With such results at least partially attributable to industrial recreation, the sporting goods industry looks toward a long-term market in this field.

More Leisure Time

Reason Number Six: The shorter average work week and the growing number of retired men and women has created more time for recreation. Indeed, the gradual decrease in number of hours a man must work to feed his family is one of the big explanations for the growth of the recreation industry. The worker who, back in 1913, labored fifty-six hours a week with no paid vacation had little time to play—or money left to buy equipment even if he could have found the time.

The miracle of industrialization has enabled the average man to produce more in less time, and make more money in the process. With production methods being constantly improved, the recreation industry is thinking that the average man of the future will have even more time for sports.

How about recessions and their ill effects? Oddly enough, the word "readjustment" doesn't frighten the industry.

Part of the reason is that the above six factors are primarily long term and are not greatly affected by economic fluctuations. (U.S. Census Bureau figures show that manufacturers shipped an increasing volume of sporting goods in spite of the last great depression. In 1931 the total value of 14 important types of sports equipment delivered to retailers was \$85 million. By 1937 this had

climbed to \$108 million and by 1939, \$114 million.)

G. Marvin Shutt, NSGA Director, has a ready explanation for this odd phenomenon. Says he: "Even the guy whose work week has been cut back can afford to buy a fishing plug or some shotgun shells. And he has the time to use them. What people stop buying when their paychecks shrink are the bigger, more expensive things like television sets, cars and furniture."

As proof of this, Shutt points to

(Continued on page 47)

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Easy-Talky

Fonadek is the name of a British electronic instrument that permits you to talk on your telephone without holding the receiver. It is being distributed by Fonadek, a division of Special Devices, Inc., 34 School St., Boston. All the user has to do is dial his call, place the receiver on Fonadek which is a compact amplifier, and start talking. The battery-run device needs no installation. According to the distributors, it is standard equipment in the House of Commons and is already being used in some U. S. companies and hospitals.

Spray That Burn!

Latest addition to the growing line of spray dispensers is one that contains a light tannic acid first aid preparation. Called Burn-Spra, the low-pressure spray package is made by Spray Pack Products of 393 East 131st St., Cleveland 8. The company recommends it for treatment of sunburn as well as other types of burns.

Portable Band Saw

Porter-Cable Machine Company of 33 Exchange St., Syracuse 8, N. Y., says it is offering the first electric metal-cutting band saw that is not

just movable but completely portable. The new model 524 Porta Band saw weighs 16 lbs., is scarcely larger than a hack saw, and operates 15 times as fast. Its stock-cutting capacity is up to 3 1/4 by 4 1/4 inches. The company says that it is fast and light enough to be used free-hand in any position. The price is \$215.

Super-Distance Golf Ball

The diamond cover marking is what will make its new U. S. Royal golf ball add ten yards to your drive, says the United States Rubber Company. "Hundreds of tests with driving machines show the new diamond cover design gives the ball greater lift and makes it stay in the air almost a quarter of a second longer, adding ten yards to the drive," the firm says. The new ball, according to its manufacturers, will give greater distance in cold weather, in hot weather, against the wind and with the wind. It also is said to look white, to stay whiter in play and to wash up easily. About the only claims not made are that the ball is hook-proof and slice-proof. It is available in pro shops.

Industrial Microscopes

A new series of polarizing microscopes for industrial use has been announced by Bausch and Lomb Optical Company, 635 St. Paul St., Rochester 2, N. Y. The instruments are designed especially for use in the fields of mining, ceramics, glass, paint, paper, and textiles. Contributing to ease of operation and accuracy of determinations is a ball-bearing revolving stage with one-degree graduations and vernier reading to six minutes of arc.

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Electronic Range

Food is warmed from within and the cooking container itself is not heated on an electronic cooking range developed for home use by the Tappan Stove Company of Mansfield, O., and Raytheon Manufacturing Company of Waltham, Mass. Tappan expects to begin quantity production of the new range sometime next year. With it, bacon can be broiled on a paper plate with a paper napkin crumpled underneath to absorb grease. A cake bakes in three minutes in a cold oven, and vegetables can be cooked directly in the china dishes in which they are to be served. Under the "cold oven" cooking process, Tappan says, cheese will melt in five seconds, and a baked potato will be ready for eating in five minutes.

Here, There and Everywhere

(Continued from page 8)

dent, the firm has developed into an "insurance department store" with each department manned by specialists. The firm represents 23 major underwriters, and all lines of insurance are handled.

• **New Barge Terminal** — Chicago has a new \$750,000 river barge terminal, built on the Chicago River section of the Chicago Sanitary and Ship Canal by the North Pier Terminal Company. The new terminal was built on the site of a former terminal but provides four times the warehousing facilities of the old one. The dock is more than 2,000 feet long, the 30-foot apron has four cargo cranes. Twenty-five box cars and 20 open cars can be spotted on the terminal trackage, and the truck platform has a loading capacity of 20 over-the-road trailers.

• **Enlightening Facts** — Nearly 1.1 billion household electric light bulbs are sold in the United States every year, Westinghouse Lighting engineers reveal. Since the first incandescent lamp was developed, 20 billion bulbs have been consumed in household use.

Color Television

(Continued from page 20)

group that spent two years developing a color signal that could be reproduced faithfully on either color or black and white receivers. The result of their work, the now-famous "compatible color system," received Federal Communications Commission approval last Dec. 17.

The job of cutting costs looms at least as large as the problem of signal quality ever did. The industry agrees that, even after color TV becomes a medium of mass communication, color will cost the advertiser more than monochrome. But color TV is going to offer many advertisers a more direct path to the customer than any other now available.

The large number of color ads in women's service magazines is an indication of what color TV can do for the food industry. The items shown in these ads consist mainly of cake mixes, soups, prepared meats, desserts, and a hundred and one other

foods which advertising sells to a great extent on the basis of how appetizing they look. Such products are naturals for color TV just as they are for printed color advertising. But color TV, for the first time will offer sound and motion to go with the color.

The soft goods industry will also be attracted to color TV. The advance enthusiasm of clothing and home furnishings manufacturers for the new medium is typified by the recent comment of James Lee, men's hat maker: "Use of color TV will be a greater boon to men's apparel sales than anything else that has happened to the business in the past ten years."

A few years ago, it probably would have been enough to list the food and soft goods industries as the chief benefactors of color television. But today, automobile and appliance

manufacturers must be included, or, with such firms as International Harvester, Admiral, Crosley, and Philco adding color to refrigerators, ovens, and other kitchen equipment, and with auto manufacturers paying more attention to color and interior design than at any time in the industry's history, color TV clearly offers large potential benefits.

This trend in the hard goods industry apparently reflects an increasing awareness of color on the part of the American public, believes J. Reinecke, Chicago industrial designer. As a result of this trend, he thinks that color is playing a far more important role in retail selling than it ever has in the past, regardless of product.

Reinecke points to the fact that the amount of color advertising in newspapers and magazines has increased tremendously since the Depression. In 1932, 209 of the nation's newspapers accepted ROP color ads. Today, the number is better than 1,000. And, in a typical consumer magazine, according to a recent survey, the percentage of color advertising has risen 15 percent in the last 15 years, to roughly 45 percent of the total lineage.

Color Pulls

The appeal of color advertising is also shown in a recent survey conducted by the Milwaukee Journal. Three thousand men and women were shown six issues of the paper containing a total of 19 color ads, plus several more in black and white. The results showed that the ads containing two or more colors pulled three times as much readership among men, and almost 50 percent more readership among women, than ads in black and white or one or two black and white.

Despite the acknowledged viewer advertiser appeal of color, however, almost everyone connected with TV admits that color television still has a long way from a commercial reality. The handful of color receivers now being produced are priced at from \$1,000 to \$1,200 and picture size is only 12 inches. By comparison, the standard in black and white sets is a 21-inch picture and prices on these among leaders go as low as \$180. This year, industry officials say it will make from 50,000 to 100,000

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color TV receivers. In contrast industry estimates are that $5\frac{1}{2}$ to six million black and white models will be produced. Color sets to be offered in 1954 will have between 40 and 50 tubes, compared to 20 to 25 for most black and white TV units. And there will be enough circuitry inside the color TV cabinet to make the amateur serviceman give up even the thought of tinkering with the set himself.

The most expensive single part in a color TV set is the color tube. Currently, setmakers are paying about \$175 a piece for them which, without adding any of color TV's other costs or any markup, is enough to buy a pretty good monochrome model. Even at this price, though, picture tubes are scarce. The trouble lies in the complexity of the tube and the fact that picture tube production lines are just now getting warmed up.

Besides boosting the cost of a color set, the complex circuitry required poses a tremendous servicing problem. Not only does the chance of breakdown increase in proportion to the number of parts and the amount of wiring, but color TV involves problems which the average serviceman never had to worry about with black and white TV. As a result, all the major television manufacturers are sending their field servicemen back to school for intensive training.

"Anyone who thinks there will be a mass market for color TV sets and color TV advertising before the price of the set is down to, at most, \$500, before the size of the screen is at least 21 inches, and before the circuits and operation have been simplified much further than they have been so far, is just daydreaming," said one Chicago set maker.

Lower Cost Signs

Research has already shown signs of being able to bring down the cost of color TV receivers. For example, one firm has begun pilot production of a picture tube that will make a 17-inch screen possible. Officials at Motorola and Hallicrafters believe that a picture tube able to cover a 21 inch color screen will be on the market by mid-1955, at the price now being charged for a tube which covers a $12\frac{1}{2}$ inch screen, \$175. Multi-purpose tubes, printed circuitry, and the use of one dial or

one switch for tasks that are now accomplished by two or more are eventually expected to render out the "fat" in present color TV circuitry.

Even when the goal of a 21-inch set priced at \$500 is reached, experts of Zenith, Motorola, Admiral, and Hallicrafters — the major Chicago setmakers — say they will still have a selling job on their hands. The question from many prospects will be: "Why should I buy a color TV set when I already have a black and white model?" The manufacturers hope the networks will provide part of the answer to this one — in the form of programming which uses the potentialities of color to full advantage.

Short-Term Outlook

Probably the best summary of what the setmakers are hoping for in terms of a market for color TV was made by GE's Dr. Baker: "When color receivers go into mass production, costs will come down of course. But, because of their complexity, they will remain more expensive than standard monochrome receivers. Color will be a supplementary service and will not quickly, or perhaps ever, completely replace monochrome sets. I predict that, although the number of hours devoted to color telecasting will increase steadily during the next few years, and set costs will be reduced, black and white models will still far outsell color receivers in 1956."

While the color TV manufacturers are struggling to bring set costs down officials of television stations are pushing to bring program costs within the advertiser's reach.

Here, the problems are at least as numerous, but the prospects for their solution are at least as good, as they are on the production line. It is important to note that, just as the setmakers are striving for a receiver with a screen-size and price tag comparable to those on black and white models, the stations, working against the same 1956 deadline, are striving for a program cost per thousand listeners that will be only slightly higher than the price for black and white TV.

As one NBC official put it: "We'd be foolish to sell color to sponsors unless the price was based on a reasonable estimate of color's increased value as an advertising medium."

mpared to monochrome. By 1956, I think the problem will be licked." Right now, however, the gap between the cost of producing a color TV program and the price the advertiser can be expected to pay for at program is big enough to drive a truck through.

It takes approximately three times as many technicians to stage a color TV show as it does to stage the same show in black and white. More lighting is required with color, as well as a larger number of lighting technicians. The costuming bill is bigger because dirt and worn spots that don't show up on a monochrome screen stick out like a newspaper headline in a color picture. Rehearsal time for the experimental color shows now being telecast by NBC and CBS as part of their research programs, is at least three times longer than when those shows were telecast only in black and white.

It Takes Capital

The capital investment required for a local station for color transmission facilities is substantial. No one is able to give more than an estimate for the figure. The reason is that new types of studio and transmission equipment are being tested almost every day. Color TV studios like New York City's Colonial Theater, where much of the RCA-NBC research is being conducted, are really TV laboratories.

The local station's investment in color transmission equipment starts about \$25,000, according to the FCC estimate. For this amount, the station can be equipped to rebroadcast network shows. Adding even a little, showing a local sponsor's name, to the network program costs the local station an additional \$43,000 for the equipment. To originate a program on color film, says FCC, the station must spend about \$50,000 top of this.

In other words, the local station would spend nearly \$120,000 and it still won't be capable of originating a live show in color. Estimates of the amount required for this type of program range from \$200,000 to \$1,000,000, which would be in addition to the other expenditures. Chicago will be among the first cities in the nation to have locally-produced color TV programs, according to officials at NBC. They

explain that Chicago, since it has one of the largest potential audiences in the country, will enable the color TV sponsor to reach the maximum number of listeners per dollar of program cost; also, Chicago television stations have money in the bank, a situation which is not true everywhere else in the country.

This does not mean that Chicago will have live colorcasts, produced locally, in 1956. NBC officials explained that, at first, "syndicated" films will probably be available to

local sponsors. These films would be telecast on a network basis, and would be sold to different sponsors in different cities.

You can now sponsor such films on monochrome TV screens. The cost, to the individual sponsor, of showing a syndicated film on one station ranges from \$1,000 to \$1,500, compared to a minimum of \$50,000 for a network presentation by one sponsor.

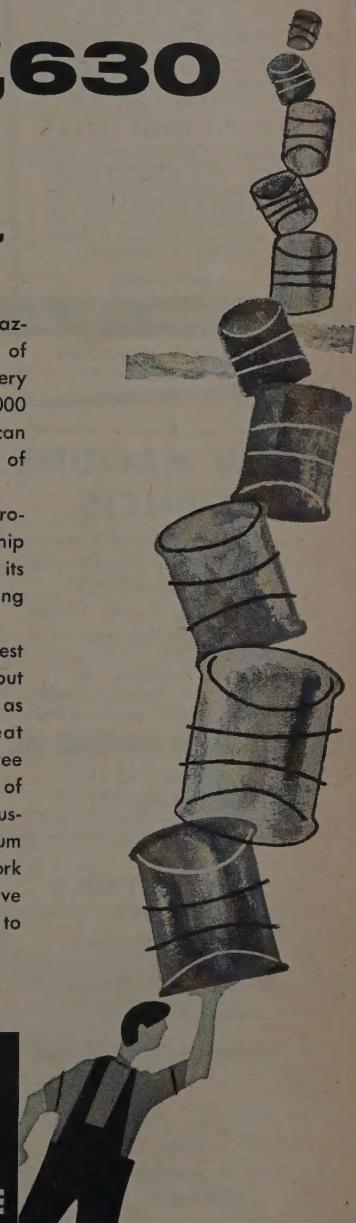
Syndicated films, as they are now shown, are not usually presented at

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the same time by each station. What happens is that the station obtains a copy of the film, which it sells to the individual sponsor. But, with color TV, the stations would not have the facilities for running their own films, at least at first. Their initial investment in color — amounting to about \$25,000, according to the FCC estimate — would be for equipment necessary to receive and rebroadcast network shows. Thus, the job of originating the syndicated color film would have to be handled by the networks. Commercials on such programs, of course, would have to be in black and white (which would appear on color TV screens in black and white). The sponsor would pay more than even \$1,500 for such a program, probably, but it would be the cheapest way of showing his product on color TV.

As the stations add color facilities, it will be possible to originate more and more color locally. At first, colored commercials on slides probably will be shown, then colored commercials on film. Eventually, when facilities for colorcasting locally-produced, live shows are available, the limitations of color TV will be essentially no different than they are now on black and white TV.

Officials of Chicago advertising agencies, industrial designing firms, and TV stations agree that many sponsors will change the appearance of their product to take advantage of the new medium. "We are likely to see more and more products packaged in irregularly-shaped bottles, cans, and boxes — the syrup can that looks like a log cabin, the plastic 'squeeze' bottle holding toiletries are examples of the kind of thing I mean," said Industrial Designer J. O. Reinecke. "For, with more surfaces on the container, more color interest can be aroused."

Packages will almost certainly have more and brighter coloring, he added. To provide the best color reproduction on the package, some manufacturers may begin using offset, instead of letterpress, printing, and may switch to a package made of coated stock, Reinecke continued. It is very possible, he added, that, just as a particular logotype or design on the package identifies a product today, a particular color or shade will be used for this purpose by color TV advertisers.

Color will play a much more im-

portant role in the advertising message, according to William W. Wilson, Jr., manager of Young and Rubicam's radio-TV department. Cake mix and sausage makers, for example, will be able to show their audiences what the phrase "golden brown flavor" means. The impact of color on commercials for such items as automobiles, refrigerators, clothing, and home furnishings will be increased in the same way, Wilson believes.

Color TV programming will also undergo changes. To help make the cost of the new medium a little more palatable, it is likely that the stations will offer a 10-minute package instead of, or in addition to, the present 15, officials at the Leo Burnett Advertising agency reported. Commercials, on 15-minute and longer programs may take up a higher percentage of the air time than they now do on black and white TV. It is also generally expected that there will be more travelogues, spectacles (like the Tournament of Roses parade and the Mardi Gras), sports, and dramatic shows, these officials believe.

Color TV has a rosy future — the experts are agreed on that point. But to realize that future, at least two more years of preparation will be needed, by the technicians as well as the sponsor.

Trends In Finance and Business

(Continued from page II)

where it represents about 60 cents of every dollar spent for goods and services. The proportion is considerably lower in the federal area where military costs are the dominant budget item. Education represents the biggest source of civilian payrollers, and the federal defense establishment ranks second.

The following table shows the trend in public civilian employment and the monthly payroll cost (in millions) as of October in each year:

Year (Oct.)	Employment		Payroll Cost	
	Federal & Local	State	Federal & Local	State
1940	1.1	3.3	\$177.0	\$ 88.8
1942	2.7	3.3	486.1	89.1
1944	3.4	3.2	684.8	418.2
1946	2.4	3.6	571.5	584.0
1948	2.1	4.0	533.9	795.1
1950	2.1	4.3	613.4	914.6
1952	2.6	4.5	855.9	1,123.7
1953	2.4	4.7	805.5	1,232.1

Source: U. S. Bureau of the Census.

Sporting Goods Industry

(Continued from page 39)

the experience of sporting goods dealers in Gary, Ind., who have learned that strikes actually increase their business — after a lull the first week. "During the first few days," complains Shutt, "workers stay around the house doing odd jobs like lawn cutting and painting. Then their wives begin inventing things to be done, and so the men decide it's time to go hunting or bowling or fishing."

No Alarm

This probably explains why, at their recent national convention, NSGA members showed no trace of alarm over the rising level of unemployment. Dealers and manufacturers point to these significant signs in the times:

Outboard motor makers are producing to meet an expected record demand of more than 500,000 units this year.

Two fishing rod manufacturers have doubled their output for 1954.

Baseball equipment makers have sped their production by 15 percent.

Sporting Goods Dealer, a trade magazine, places considerable significance on the report of one fishing tackle salesman who returned from drought-stricken Southwest with more orders than he got last year. Of course I've been working harder and oftener," he advises.

The magazine also reported recently: "One Oklahoma firm has 120,000 gross of cork balls since November; a Louisiana jobber set an order for 125 gross of baseball caps, his all-time mark; another ordered his third carload of novelty equipment . . ."

All of which emphasizes the fact that Americans are now more play-conscious than ever. In spite of threatened war, tightening business conditions and political upheavals, man on the street agrees pretty strongly with the NSGA slogan "It's Time to Play." Manufacturers, sports equipment operators and thousands of people in various businesses also seem emphatically. Everyone concerned seems to benefit when John Public takes to the golf green, baseball diamond, or duck blind.

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BURKE & JAMES, Inc., 327 S. Wabash, Chicago 4, Ill.

Stop me...If...



A psychiatrist was examining a selectee. Psychiatrist: "What's your occupation?" Selectee: "I'm a gag writer for radio." Psychiatrist: "Let's see you invent a gag." Selectee (rising slowly, goes to the door and looks down at the long line of other selectees): "O.K., you guys can go home now, the job's taken."

Friend: "Has your son's education proved of any real value?" Father: "Yes, indeed. It has entirely cured his mother of bragging about him."

A young businessman, a deacon in his local church, while in New York on business was to purchase a new sign to be hung in front of the church. He copied the motto and the dimensions, but when he got to New York discovered he had left the paper behind.

He wired his wife: "Send motto and dimensions."

An hour later the reply came and the new girl, who had just come on duty, read it and fainted. The message read: "Unto Us A Child Is Born, 6 feet long and 2 feet wide."

Two men were talking about how they came to get married. "Where did you meet your wife?" asked one.

"In a travel bureau," came the reply.

"Were you going somewhere?"

"No, but she was looking for a vacation and I was the last resort."

"Everyone in town is talking about the Smith's quarrel," remarked the wife. "Some are taking his part and some are taking hers —"

"And," interrupted her husband, "I suppose a few eccentric individuals are minding their own business."

Jack: "It took me twelve lessons to teach Mabel to swim."

Tom: "Why, the little flirt! I taught her in six."

Classified ad in a newspaper: "Young man contemplating marriage seeks acquaintance of older, experienced man to dissuade him from idea."

"Dad, why did you sign my report card with an X instead of your name?"

"I don't want your teacher to think that anyone with your grades could possibly have a father who can read or write."

The chorus girl was telling the other girls in the dressing room about her birthday party.

"You should have seen the cake," she told her companions. "It was marvelous. There were seventeen candles on it—one for each year."

There was a disbelieving silence for a moment or two, then her best friend smiled.

"Seventeen candles, eh?" she purred. "What did you do—burn them at both ends?"

John loved the good things of life. So when an uncle, who was old and stingy, left him a sizeable sum, John wrote friends the good news in these words: "Yesterday at five in the morning, my uncle and I passed on to a better life."

When an old South African native was told he had to be taxed because the government, like a father, protected him from enemies, cared for him when he was sick, fed him when he was hungry, gave him education, and for these purposes needed money, the old native said:

"Yes, I understand. It is like this: I have a dog and the dog is hungry. He comes and begs food."

"I say to him: 'My dear faithful dog, I see you are very hungry. I am sorry you. I shall give you meat.'

"I then take a knife, cut off the dog's tail, give it to him, and say, 'Here, faithful dog, be nourished by this piece of meat.'"

Teacher: "Jimmy, are you eating candy or chewing gum?"

Jim: "Neither. I'm soaking a prune eat at recess."

Shouted the evangelist: "Adultery is bad as murder! Don't you agree, Sister Johnson?"

Sister Johnson: "I don't rightly know I ain't never killed nobody."

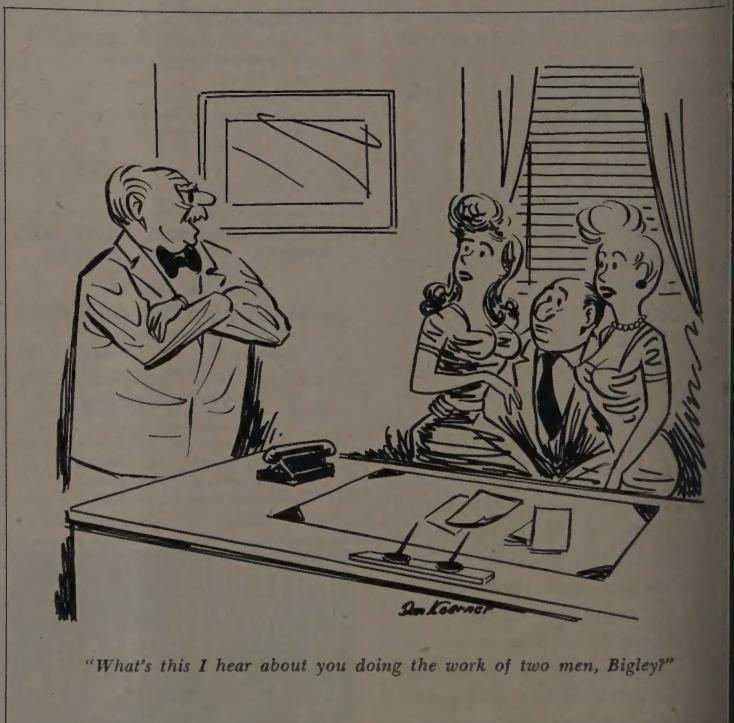
Mother (trying to induce little daughter to go to bed early): "Why, even the little chickens go to bed at sundown."

Daughter: "Yes, but the old hen with them."

Teacher: "Yes, Johnny, what is it?"

Johnny: "I don't want to scare you. Papa said if I don't get better grades someone is due for a licking."

A highbrow is a person educated by his intelligence.



"What's this I hear about you doing the work of two men, Bigley?"